



# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007



Included in the Higher Education Funds  
of the State of South Carolina

# MIDLANDS TECHNICAL COLLEGE

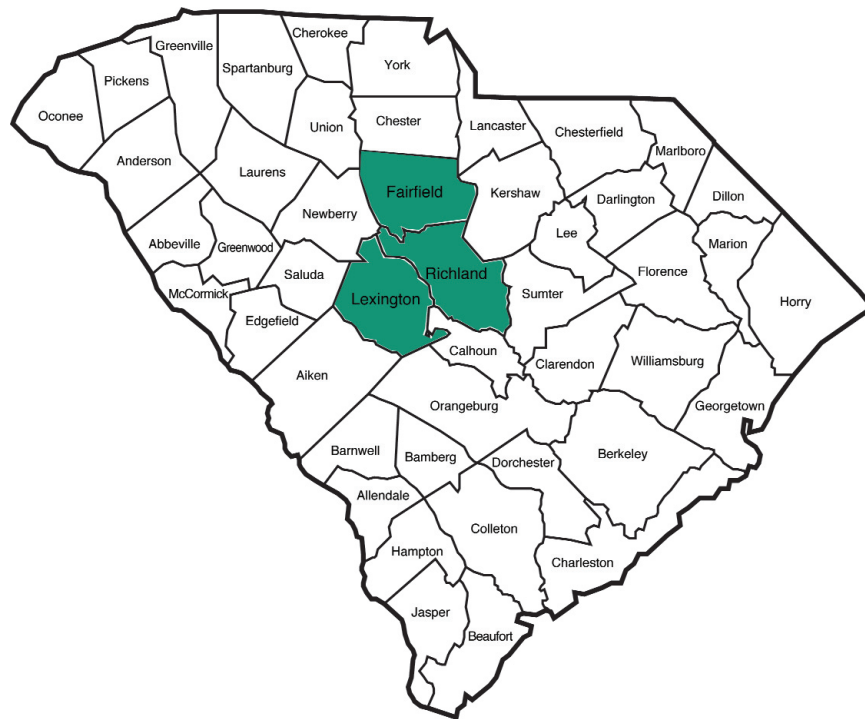
## Comprehensive Annual Financial Report

*Fiscal Year Ended June 30, 2007*

*A college included in the higher education funds of the state of South Carolina*

### *Statement of Mission*

Midlands Technical College is a comprehensive, urban, public, two-year college serving the primary region of Richland, Lexington and Fairfield counties of South Carolina. College programs and services provide accessible, affordable, high-quality post-secondary education that prepares traditional and nontraditional students to enter the job market, allows them to transfer to senior colleges and universities, and assists them in achieving their professional and personal goals. Through its programs and services, the college equitably provides higher education opportunities and supports the economic growth of the community.



*Prepared by  
the Finance and Accounting Office*

*Dr. Ronald L. Rhames  
Senior Vice President for Business Affairs*

*Debbie M. Walker, CGFO, M.B.A.  
Associate Vice President for Business Affairs*

*Ian A. MacLean, C.P.A., CGFO  
Director of Finance and Accounting*



# MIDLANDS TECHNICAL COLLEGE

## Comprehensive Annual Financial Report

*Fiscal Year Ended June 30, 2007*

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# PRESIDENT'S LETTER

September 30, 2007

Members of the Midlands Technical College Commission and the Community:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year 2006-2007. Each year, the College publishes the CAFR to provide relevant information concerning its operations and financial position.

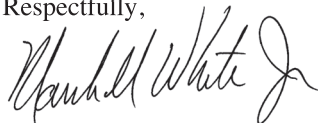
The past fiscal year was significant for the College in terms of financial support, physical growth and community collaboration. The College's budget requests to all three counties were funded at 100 percent. The College received additional State funding from the legislature to expand its programs in Nursing and Health Sciences. Midlands Technical College was awarded \$1.8 million from the US Department of Education's Strengthening Institutions Title III program to enhance Developmental Learning at the College.

The year marked the groundbreaking of two new facilities. MTC has expanded access to rural Lexington County by establishing the new education facility in Batesburg-Leesville. Classes are scheduled to begin there this fall. We also broke ground on the new Business Accelerator building on the Northeast Campus. There were a number of other capital improvements on both the Beltline and Airport campuses. Plans are still underway for classroom and auditorium construction on the Harbison Campus.

The College continues to expand collaborative ventures with baccalaureate institutions, entrepreneurs, economic development entities, and K-12 partnerships inclusive of all eight school districts in the institution's service area, and the Midlands Education and Business Alliance (MEBA). Programs like the Michelin Scholars Program and the USC-MTC Bridge Program are providing new opportunities for our students, whether their educational goals are to move into great careers or to transfer to a senior institution.

This is the eleventh consecutive year Midlands Technical College has received the prestigious national award from the Government Finance Officers Association of the United States and Canada for its financial reporting. I am pleased to announce, as detailed in this CAFR, that the College is in a strong financial position.

Respectfully,



Dr. Marshall (Sonny) White, Jr.  
President





September 30, 2007

To: Midlands Technical College Commission, the President, the Executive Council and the Community served by Midlands Technical College:

We are pleased to present the *Comprehensive Annual Financial Report* (CAFR) of Midlands Technical College for fiscal year ended June 30, 2007.

State law, federal guidelines and certain debt covenants require an annual audit of the College's financial records. The College has contracted with the independent certified public accounting firm of Stuart W. Ford, CPA to perform the annual audit of its financial statements and federal assistance programs. The Independent Auditor's Report is included in the financial section of this CAFR and reflects an unqualified opinion on the basic financial statements. As a recipient of federal financial awards, the College complies with the requirements of the Single Audit Act, and separate single-audit reports have been issued, which are included in the Federal Awards section.

The management of the College is responsible for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the information presented is accurate in all material respects and is comparable to peer institutions. All disclosures have been included and will provide the reader with a reasonable understanding of the College's financial activities that support its mission.

The management of the College is responsible for establishing and maintaining the framework of all internal control. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of policies and procedures related to the internal control framework. The system of internal control is designed to ensure that certain organizational objectives are met. Accordingly, organizational structure, policies and procedures have been established to safeguard assets; ensure the reliability of accounting data; promote efficient operations; and ensure compliance with established governmental laws, regulations and policies, college policies, and other requirements of those to whom the College is accountable. The internal accounting control structure is

designed to provide reasonable, not absolute, assurance that these objectives are met.

The Management's Discussion and Analysis included in the Financial Section provides a detailed explanation of the changes in financial reporting from the prior year and the resulting effects of those changes, and should be read in conjunction with this letter of transmittal.

During fiscal year 2007, a new auditing standard SAS 112, "Communicating Internal Control Related Matters Identified in an Audit," became effective for fiscal year ending December 2006. SAS 112 affects fiscal year 2007 audits for many colleges and universities. The standard requires auditors to communicate control deficiencies that are significant deficiencies or material weakness in internal



control, and provides guidelines on evaluating the severity of such deficiencies.

## PROFILE OF THE COLLEGE

Midlands Technical College is one of 16 colleges included in the South Carolina Technical College System. The State Board for Technical and Comprehensive Education, an agency of the State of South Carolina, governs the system. Midlands Technical College is a comprehensive, public two-year institution that serves Richland, Lexington and Fairfield Counties in the Central Midlands region of South Carolina. The College has five campuses, three in Lexington County and two in Richland County, and a teaching location at Fort

Jackson that serves enlisted personnel and civilians. The College also delivers instruction in various businesses, industries and public schools located in its service area. It also provides opportunities for students to take classes on the Internet that lead to a degree.

The College's governing board, the Commission, is appointed by the Governor of South Carolina upon the recommendation of the legislative delegations from Richland and Lexington counties. There are 12 Commissioners who are appointed for four-year terms. Currently, there are five Commissioners from Lexington County and seven from Richland County. Officers are elected every two years, with the chairmanship alternated between the two counties.

State law mandates Richland and Lexington counties to provide sufficient funding to build, maintain and operate the College's physical plant. The division of financial responsibility is based on population and is used each year for budget request purposes. The current distribution is 60 percent for Richland County and 40 percent for Lexington County.

Fairfield County also provides financial support by funding the difference between the in-county tuition rate and the in-state tuition rate for its residents who attend the College. Fairfield County provided 1.2 percent of the total county support for the current fiscal year.

Midlands Technical College is part of South Carolina's primary government and is included in the Comprehensive Annual Financial Report of the State.

The Midlands Technical College Foundation, Inc. (the Foundation) is a nonprofit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College. It is a legally separate tax exempt component unit of the College. The Foundation acts primarily as a fund raising organization to supplement the resources that are available to the College in support of its programs. A separate board of directors governs the Foundation. The 39-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. The activity of the Foundation is included separately in the College's financial statements.

The Midlands Technical College Enterprise Campus Authority (the Authority) was established in 2004 by S.C. Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59 of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a component unit of Midlands Technical College. The Authority was established to provide for the



management, development and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission, all serving ex-officio. The activity of the Authority is blended in the financial statements of the College.

The College's strategic planning process includes extensive planning in preparation of the budget. The original operating budget is based on preliminary estimates and is approved by the Commission in May of each year. During its October meeting, the Commission approves the revised budget, which is prepared after major sources of revenue are known. An annual facility plan, which outlines the needs for operations and maintenance of plant facilities, is used for the budget request to the counties. A longer term facility plan is prepared, reviewed and updated annually as the College's initiatives are revised.

The College maintains controls in line-item budgets, budget transfer restrictions and in the use of an encumbrance accounting system. These budgetary controls ensure compliance with the annual budget adopted by the governing board. As demonstrated by the financial statements and schedules included in the financial section of this report, College management continues to meet its responsibility for sound fiscal administration.

## ECONOMIC CONDITIONS

Fiscal year 2006 – 2007 economically was one of relative stability for the College. The State did provide a modest increase in the form of support for a pay increase for state



funded employees. The State also provided support for the Allied Health and Nursing programs in the form of non-recurring dollars that is allowing the College to expand physical capacity with the addition of technical classrooms and labs.

The counties during fiscal year 2006 – 2007 continued their support by increasing operations budgets to reflect inflation



and growth of the College's physical plant. The counties also maintained their commitment to the College's capital and debt service needs by funding the requested amounts.

The State's economic outlook for fiscal year 2007 – 2008 is projected to stabilize during the year. The growth experienced during the last several years is not anticipated nor is a

decline expected. For the first time in about a decade the State has added funds to the general operations on higher education by allocating resources to address parity. These funds will result in the College receiving approximately \$1 million dollars in new money. However, the State did not fully fund a pay increase of 3 percent it authorized in July 2007 which will in turn, reduce the net new money available to the College.

The State continues to under fund aid to students. The money needed to fund the Lottery Tuition Assistance (LTA) for students who do not qualify for Pell Grants was decreased. Additionally, LTA students will see their award amount decrease from covering approximately 67 percent of their tuition to covering only about 55 percent of tuition. For students with need, the outlook is even worse. While the Pell award is expected to increase for fiscal year 2007-2008, it is the first in five years and has not kept up with inflation. Additionally the State's support of need based students continues to severely lag behind that of the nation.

The College's local service area economies are expected to perform reasonably well during 2007-2008. The supporting counties of Fairfield, Lexington and Richland have adopted ordinances that fully fund the College's budget requests for operations, capital and debt service.

The College will undertake several major initiatives during the next fiscal year that will impact its economic vitality. First, the College will seek a way to have a permanent presence in Fairfield County. The Administration and the Commission are meeting with county officials and local leaders to develop a strategy to locate and fund a facility for the College to operate a campus. The campus would focus on developmental, general education, and continuing education programs. Other programming would include career programs that are not capital equipment intensive.

Second, the College will develop a strategy to fully fund the proposed NE Campus engineering/classroom building. The strategy will likely be a mixture of county support, state funds and college resources primarily through issuing bonds.

Third, the College's Commission is expected to seek more resources to support students in need of aid during the year. The strategy will include seeking increased support of Pell Grants at the federal level and seeking increased support for need based grants and LTA at the state level. These initiatives are designed to help ensure that students have access to the College's programs and services.

## **CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Midlands Technical College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the College's eleventh consecutive year receiving this award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report of which all content conforms to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



## ACKNOWLEDGEMENTS

The timely preparation of the Comprehensive Annual Financial Report is a coordinated college-wide effort. We would like to express sincere appreciation to all employees in the Business Affairs Division who contributed to the timely closing of the College's financial records and the preparation of this report; to Advancement's Public Affairs unit for its contributions in design, editing, printing and publication of the document; and to Advancement's Assessment, Research and Planning unit for providing statistical data. Our sincere appreciation is also expressed to other individuals who provided information as requested and to our Commission for their support of this initiative.

Sincerely,

Dr. Ronald L. Rhames  
Senior Vice President for Business Affairs

Debbie M. Walker, CGFO, M.B.A.  
Associate Vice President for Business Affairs

Ian A. MacLean, C.P.A., CGFO  
Director of Finance and Accounting

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Midlands Technical College  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



# Midlands Technical College

## Organizational Data

### COMMISSION MEMBERS AND OFFICERS

#### Commissioner

Robert F. Dozier, Jr., Chairman  
 Ronald H. Burkett, Vice Chairman  
 Robert C. Lentz, Treasurer  
 James Smith, Secretary  
 E. Stewart Blume, Jr.  
 Katie M. Bolden  
 Harriet G. Fields  
 Christopher M. Joye  
 Judith Litman Lindau  
 David S. Murray, Jr.  
 Peter E. Sercer  
 Robert P. Wilkins, Jr.

#### County

Richland  
 Lexington  
 Richland  
 Richland  
 Richland  
 Richland  
 Lexington  
 Richland  
 Lexington  
 Lexington  
 Lexington

#### Term Expires

July 31, 2009  
 November 16, 2010  
 July 31, 2011  
 July 31, 2009  
 July 31, 2008  
 July 31, 2008  
 July 31, 2008  
 July 31, 2011  
 July 30, 2011  
 May 11, 2011  
 November 16, 2007  
 November 16, 2008

### COMMISSIONERS



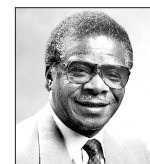
Robert F. Dozier, Jr.  
Chairman



Ronald H. Burkett  
Vice Chairman



Robert C. Lentz  
Treasurer



James Smith  
Secretary



E. Stewart Blume, Jr.



Katie M. Bolden



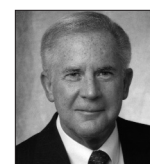
Harriet G. Fields



Christopher M. Joye



Judith Litman Lindau



David S. Murray, Jr.



Peter E. Sercer



Robert P. Wilkins, Jr.



Marshall (Sonny) White, Jr.  
Ex-officio  
President  
Midlands Technical College

### EXECUTIVE COUNCIL

Marshall (Sonny) White, Jr.  
 Ronald L. Rhames  
 Starnell K. Bates  
 Ronald L. Drayton  
 Vann H. Gunter

Gina Mounfield  
 Sandra L. Oliver  
 Nancy Pedersen

President  
 Senior Vice President for Business Affairs  
 Vice President for Advancement  
 Vice President for Arts and Sciences  
 Vice President for Economic Development and Continuing Education  
 Vice President for Career Programs  
 Vice President for Student Development Services  
 Executive Assistant to the President

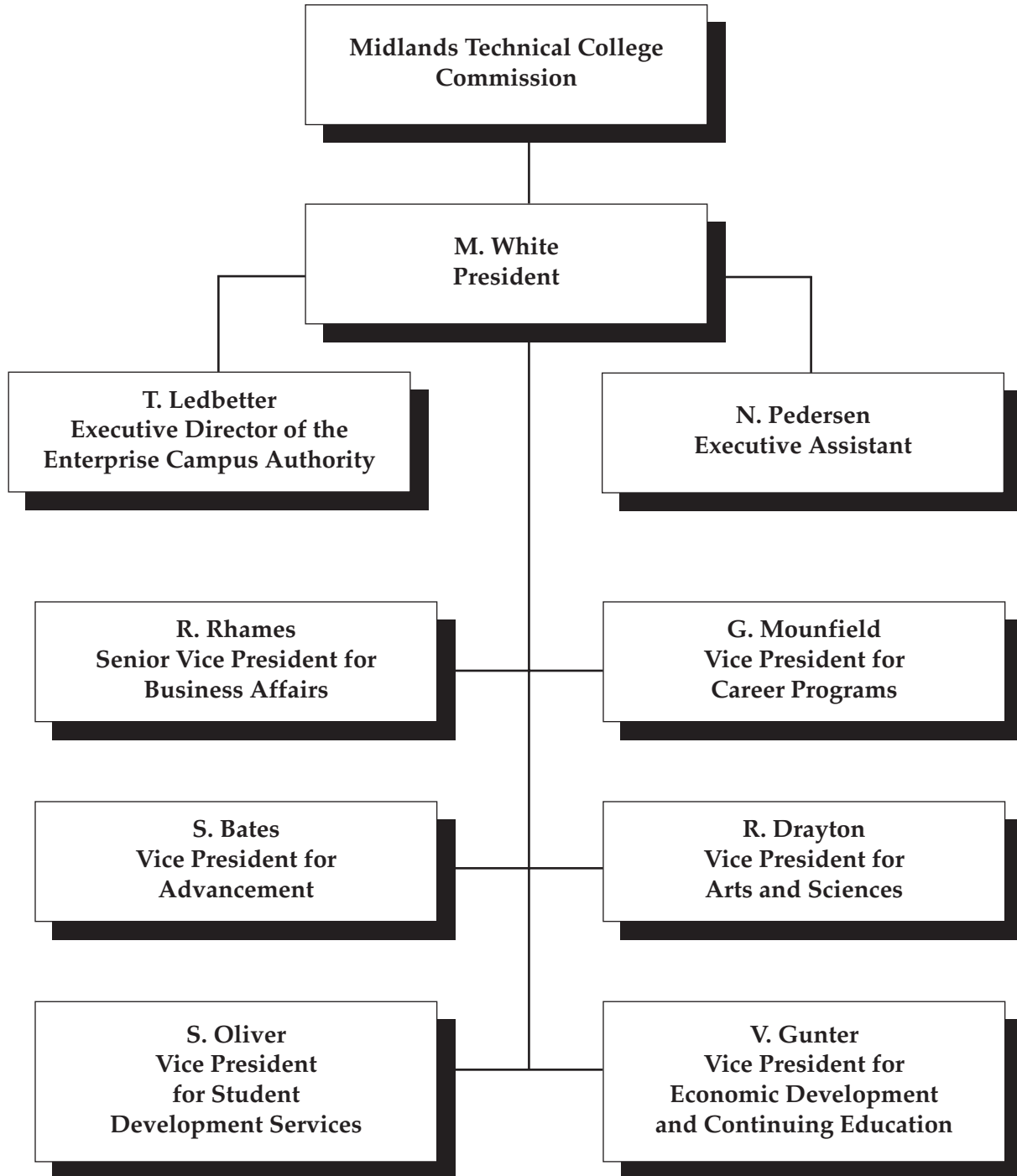
### BUSINESS AFFAIRS DIVISION

Ronald L. Rhames  
 Debbie M. Walker  
 Stanley Bolton  
 Jeanette S. Hayes  
 Craig Hess  
 Anthony Hough  
 Ian A. MacLean  
 Marcia Medway  
 Crystal Rookard

Senior Vice President for Business Affairs  
 Associate Vice President for Business Affairs  
 Director of Auxiliary Services  
 Director of Budgets  
 Director of Plant Operations  
 Director of Information Resource Management  
 Director of Finance and Accounting  
 Director of Support Services  
 Director of Human Resource Management

# Midlands Technical College

## Organizational Chart



# Midlands Technical College

## College-Wide Goals and Priority Initiatives

### **Goal 1: The College embraces an innovative learning environment that enhances teaching, learning and individual development.**

#### Priority Initiatives:

1. Define and continuously refine what learning community means to MTC.
2. Develop and strengthen all aspects of programs and services.
3. Provide access to and enhance the success of at-risk populations.
4. Identify and implement student-centered learning enhancements.
5. Promote faculty and staff participation in innovative developments in their fields of study.
6. Ensure the College has state of the art multi-media equipment and connectivity to support a learner-centered culture.
7. Implement the Facilities Master Plan.
8. Foster awareness of available opportunities to all College constituencies.
9. Forge international partnerships.

### **Goal 2: The College prepares a workforce that is much in demand by business and industry.**

#### Priority Initiatives:

1. Enhance information literacy skills within the curricula.
2. Improve student success through innovative teaching methodologies and the integration of current technology into the curriculum.
3. Ensure connectivity between employer demand and student awareness of career pathways.
4. Prepare students for career adaptability.
5. Improve the rate at which under-prepared students move into curriculum programs.
6. Integrate career assessment and career planning to better prepare students for current and emerging career opportunities.

### **Goal 3: The College collaborates with educational and community partners to create seamless curricula and quality services for the diverse population bridging K-12, two-year college and university education.**

#### Priority Initiatives:

1. Expand course offerings, student services and articulation with senior institutions.
2. Expand collaboration and interaction with area school districts.
3. Extend the College's expertise in instructional delivery and marketing to both secondary and post-secondary partners.
4. Enhance education through community interaction and adoption of nationally recognized curricula and standards.
5. Provide effective co-curricular programs, activities and services that create a learner centered environment.
6. Integrate diversity and multi-culturalism into programs and services.

### **Goal 4: The College partners with community constituencies to strengthen the educational, social and economic vitality of the community.**

#### Priority Initiatives:

1. Actively interface with economic development entities and senior institutions and participate in activities to increase business and industry development.
2. Collaborate with communities in the service area to provide accessible educational opportunities.
3. Expand and strengthen the role of program advisory committees.
4. Seek opportunities for dialogue and interaction to ensure the College is proactive in its participation in advancing the community.
5. Integrate service learning into college courses and co-curricular activities that strengthen civic responsibility and economic vitality.

### **Goal 5: MTC serves as a primary catalyst in economic development through education, entrepreneurship and business acceleration.**

#### Priority Initiatives:

1. Design and implement innovative, proactive programs to address the future needs of the business community and expand the workforce.
2. Promote innovative arenas including public/private partnerships and enterprise development.
3. Respond to the changing training and development needs of new and expanding business and industry.
4. Define the scope of new initiatives and influence their perception in the community.
5. Develop a strategic master plan for the Enterprise Campus.
6. Establish programs to promote entrepreneurship.
7. Incorporate the identification of employer training and re-training needs into recruitment and outreach activities.

### **Goal 6: The College achieves national recognition through comprehensive, research based evaluation of programs and services.**

#### Priority Initiatives:

1. Develop systemic processes that provide leaders with information and data to support strategic and operational decision-making.
2. Support the development and use of national and peer comparisons to measure the effectiveness and efficiency of academic and administrative performance.
3. Expand the capabilities of faculty and staff to design and conduct their own research.
4. Enhance the College's national recognition as a leader in institutional planning, effectiveness, assessment and innovative research concepts.
5. Develop and disseminate information needed to influence the direction of post-secondary education in South Carolina.
6. Develop and implement comprehensive risk management strategies.

### **Goal 7: The College engages in creative, entrepreneurial resource development and management.**

#### Priority Initiatives:

1. Seek partnerships with local agencies and senior institutions to offer learning opportunities for students and professional development opportunities for faculty.
2. Continuously seek and obtain alternate funding.
3. Develop methods to conserve resources and increase revenue.
4. Position the College to maximize state and local support.

### **Goal 8: The College implements strategies to recruit, retain and develop exceptional faculty and staff.**

#### Priority Initiatives:

1. Provide opportunities and funding to ensure the on-going professional development of faculty and staff.
2. Develop and implement innovative strategies for the recruitment and retention of faculty and staff.
3. Ensure accurate and meaningful communication college-wide.
4. Integrate diversity and multiculturalism into employment practices and professional development.



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**STUART W. FORD, CPA**  
CERTIFIED PUBLIC ACCOUNTANT AND CONSULTANT  
1401 MAIN STREET, SUITE 660  
COLUMBIA, SOUTH CAROLINA 29201

PHONE: (803) 261-7152  
FAX: (803) 771-6001

**Report of Independent Auditor**

The President and Members of the Commission  
Midlands Technical College  
Columbia, South Carolina

I have audited the accompanying basic financial statements of Midlands Technical College, (the "College"), including its blended component unit, the Midlands Technical College Enterprise Campus Authority (the "Authority"), and its discretely presented component unit, Midlands Technical College Foundation, Inc. (the "Foundation"), as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Midlands Technical College, including its blended component unit, the Midlands Technical College Enterprise Campus Authority, and of its discretely presented component unit, Midlands Technical College Foundation, Inc., at June 30, 2007 and the respective changes in financial position and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 27, 2007, on my consideration of the College's internal control over financial reporting and my tests of its compliance with provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Management's Discussion and Analysis is not a part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the Midlands Technical College taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Additionally, the introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

As discussed in *Note 21* to the financial statements, management discovered certain errors in the recording of liabilities in the financial statements for the year ended June 30, 2006. I audited these adjustments that were applied to restate the June 30, 2006 net assets. In my opinion, such adjustments are appropriate and have been properly applied.

A handwritten signature in cursive script that reads "Steven W. Ford, CPA". The signature is written in dark ink and is positioned above the date.

September 27, 2007



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Midlands Technical College (the "College") Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2007. This discussion should be read in conjunction with the transmittal letter, the College's basic financial statements, the component units financial statements and the notes to the financial statements.

### COMPONENT UNITS

The College has included the Midlands Technical College Foundation, Inc. (the "Foundation") and the Midlands Technical College Enterprise Campus Authority (the Authority) in its financial statements in accordance with Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The Foundation is reported as a discretely presented component unit of the College. The Statement of Financial Position, the Statement of Activities and relevant note disclosures for the Foundation follow the College's financial statements. The governing body of the Authority is essentially the same board as that of the College and it provides services that benefit the College, although it does not provide services directly to the College; therefore the Authority is reported as a blended component unit and the activity is included in the financial statements of the College.

Complete financial statements for the Foundation or the Authority may be obtained by mailing a request to Midlands Technical College, Associate Vice President for Business Affairs, Post Office Box 2408, Columbia, South Carolina 29202.

### USING THIS ANNUAL REPORT

Midlands Technical College is pleased to present its financial statements for fiscal year ended June 30, 2007. Comparative financial statements are not presented in this report; however condensed data is presented in this section, which will aid the reader in assessing the changes in the College's financial position since last year. The emphasis of discussions regarding these statements will focus on the current year.

The College is engaged only in Business-Type Activities that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows. These statements present financial information in a format similar to that used by the private sector.

### STATEMENT OF NET ASSETS

The Statement of Net Assets provides a snapshot of the College's assets, liabilities and net assets at the end of the fiscal year. It provides the reader with information concerning the institution's ability to continue its operations and to determine its financial stability.

Assets and liabilities are separated into current, those that are due or to be paid within the current year and non-current, those that are longer term in nature. Net Assets represent the difference between total assets and total liabilities and provides information, in part, concerning any amount available to be spent by the institution.

Net Assets are divided into three major categories. The first category, *invested in capital assets, net of related debt*, provides the equity in property, plant and equipment owned by the College. The next category, which is *restricted net assets*, is expendable in nature and has been approved by the College's governing board specifically for capital projects, and debt service, as indicated. The final category of net assets is *unrestricted*, and not subject to external stipulations. These amounts represent a designation for the Authority and the College's 30-day operating reserve.

#### Assets

The following schedule is a condensed version of the College's assets, liabilities and net assets and is prepared from the Statement of Net Assets.

#### Condensed Summary of Net Assets As of June 30 (in millions)

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current Assets	\$ 39.6	\$ 34.8	\$ 4.8	13.8%
Non-current Assets				
Capital Assets (Net of				
Depreciation)	51.5	50.7	0.8	1.6%
Other	<u>11.8</u>	<u>1.9</u>	<u>9.9</u>	<u>517.6%</u>
Total Assets	<u>102.9</u>	<u>87.4</u>	<u>15.5</u>	<u>17.7%</u>
Current Liabilities	7.9	6.4	1.5	23.0%
Non-current Liabilities	<u>20.5</u>	<u>10.7</u>	<u>9.8</u>	<u>92.0%</u>
Total Liabilities	<u>28.4</u>	<u>17.1</u>	<u>11.3</u>	<u>66.2%</u>
Net Assets				
Invested in Capital Assets	41.4	41.9	(0.5)	-1.3%
Restricted for: Expendable	27.6	23.0	4.6	20.1%
Unrestricted	<u>5.5</u>	<u>5.4</u>	<u>0.1</u>	<u>1.2%</u>
Total Net Assets	\$ 74.5	\$ 70.3	\$ 4.2	5.9%

A strong indicator of the financial health of the College for the year is in the approximate 5:1 ratio of current assets in the amount of \$39.6 million to current liabilities in the amount of \$7.9 million. The College maintains fiscally sound budget practices that provide for the conservative balance between the two categories.

Total net assets for the year were \$74.5 million, up by \$4.2 million from the prior year.

Current assets were \$4.8 million of the overall increase of \$15.5 million in total assets for the fiscal year. The increases are explained as follows:

- Cash and cash equivalents comprise approximately \$3.6 million of the increase in current assets over the prior fiscal year. Essentially this entire amount resulted from excess revenue over expenses for the fiscal year, of which \$1.0 million is the contingency. The College maintains the contingency in its annual budget for emergencies or major unforeseen expenses. Any funds in excess of the 30-day operating reserve that remain at the end of the fiscal year are authorized by the governing board for one time non-recurring needs of the college. Additional investment income of approximately \$0.6 million resulting from rising interest rates and increases of approximately \$1.5 million in gross student revenues contributed to the increase in revenues over expenses.
- Accounts Receivable increased by approximately \$1.7 million over the prior fiscal year. This is due to primarily increases in federal and state aid. Other receivables decreased by \$.3 million offset by a decrease in the allowance account of \$.3 million.
- Inventories and prepaid expenses accounted for an increase of approximately \$0.7 million.

Non-current assets include capital assets net of depreciation and other assets, which is comprised primarily of restricted cash. Capital assets net of depreciation were \$51.5 million for the year, an increase of \$.8 million from the prior year. Other assets increased by \$9.9 million for the year. This is in the restricted cash category which was offset by an increase in bonds payable as a result of a new bond issue. The changes from the prior year are explained as follows:

- The College capitalized a breezeway on the Beltline Campus that accounted for a net increase of \$1.3 million in buildings and improvements. Construction in progress of \$2.0 million consists of various construction projects that will enhance future college operations. Depreciation expense accounted for \$2.9 million dollars.
- Substantially, the entire increase in restricted cash resulted from the bond proceeds as outlined in note 13 for four major initiatives that will strengthen the

economy and quality of life in the counties. The funds will be used for two construction projects, the Harbison classroom building and the Northeast Accelerator. Construction has begun and these balances are reflected in the construction in progress figure.

The following table contains an analysis of capital assets as of June 30, 2007 and 2006.

**Analysis of Capital Assets  
As of June 30  
(in millions)**

	<u>2007</u>	<u>2006</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land and Improvements	\$ 5.2	\$ 5.2	\$ 0.0	0.0%
Construction in Progress	2.0	0.3	1.7	570.0%
Works of Art	0.1	0.1	0.0	0.0%
Buildings and Improvements	66.0	64.7	1.3	1.9%
Machinery, Equipment, Vehicles & Other	<u>12.4</u>	<u>12.0</u>	<u>.4</u>	<u>3.3%</u>
Total Capital Assets	\$ 85.7	\$ 82.3	\$ 3.4	4.2%
Less Accumulated Depreciation	<u>(34.2)</u>	<u>(31.6)</u>	<u>2.6</u>	<u>8.0%</u>
Capital Assets	\$ 51.5	\$ 50.7	\$ 0.8	1.6%

Additional information on capital asset activity may be found in the relevant disclosures in the notes to the financial statements.

**Liabilities**

Total liabilities were \$28.4 million, which is a net increase of \$11.3 million over the prior fiscal year. The College borrowed \$10,000,000 in state institution bonds issued in April 2007 for two projects, the Harbison classroom building and Northeast Accelerator building as outlined in note 13 for additional information. Current liabilities increased by \$1.5 million and deferred revenue accounted for more than half of this increase. The remaining increases in accounts payable of approximately \$.3 million and interest and principal on bonds of \$.26 million accounted for the overall remaining increase in current liabilities. The increase in accrued compensated absences of \$0.39 million, and increase in bonds payable of \$9.4 million accounted for the major increase of \$9.8 million in non current liabilities

**Net Assets**

Total net assets at June 30, 2007, were \$74.5 million, up by \$4.2 million from the prior fiscal year.

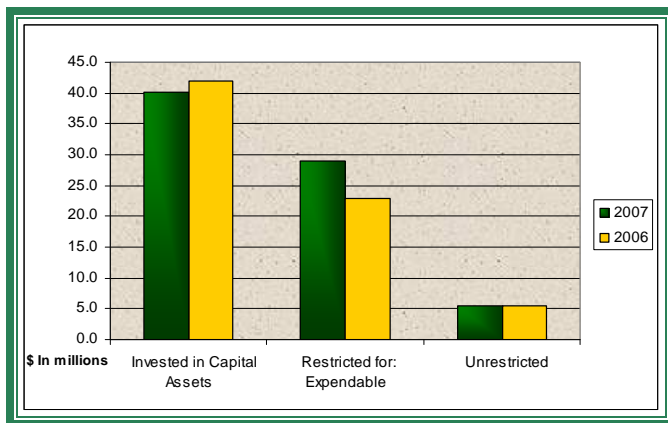
Investment in capital assets declined slightly to \$41.4 million from the prior fiscal year. Restricted net assets are up by \$4.6 million and represent the increase in operations over the prior year.



Unrestricted net assets are up by \$.1 million over the prior year and consist of amounts designated for the Authority totaling \$368,612, and the College's 30-day operating reserve that excludes non-essential expenses totaling \$5,096,872.

The following chart is a graphic representation of the College's Net Assets at June 30, 2007 and 2006.

**Comparative Net Assets**  
Fiscal Years 2007 and 2006



## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets presents and categorizes revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those which are received and used to carry out the mission of the College; however the College depends heavily on financial support from the state and counties for which it provides services. This support is reflected as non-operating revenue based on governmental accounting standards, therefore the College will always reflect an operating deficit and its dependence on state and local funding. Non-operating revenues and expenses offset the operating deficit and result in an overall increase in net assets for the year. State capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported below "Income before other revenues, expenses, gains or losses."

## Operating Results

The following schedule summarizes the College's operating results for fiscal year ended June 30, 2007, with comparative data for fiscal year ended June 30, 2006. The College's overall position continues to improve as reflected in the increase in net assets.

### Condensed Summary of Revenues, Expenses and Changes in Net Assets For the fiscal year ended June 30 (in millions)

	2007	2006	Increase (Decrease)	Percent Change
Operating Revenues				
Tuition and Fees	\$ 23.5	\$ 22.0	1.5	6.7%
Grants and Contracts	23.9	22.7	1.2	5.1%
Auxiliary	6.2	5.8	0.4	6.6%
Other	0.7	0.7	0.0	0.0%
Total Operating Revenues	54.3	51.2	3.1	6.0%
Less Operating Expenses	80.8	77.9	2.9	3.7%
Net Operating Loss	(26.5)	(26.7)	(0.2)	-7.0%
Non-operating Revenue				
State Appropriations	20.1	19.2	0.9	4.5%
Local Appropriations	9.0	9.4	(0.4)	-4.9%
Other	1.6	1.0	0.6	60.0%
Total Non-operating Revenue	30.7	29.6	1.1	3.5%
Increase in Net Assets	4.2	2.9	1.3	45.9%
Net Assets, Beginning of Year	70.3	67.4	2.8	4.2%
Net Assets, End of Year	<u>\$ 74.5</u>	<u>\$ 70.3</u>	<u>\$ 4.2</u>	<u>5.9%</u>
Total Revenues	<u>\$ 85.0</u>	<u>\$ 80.8</u>	<u>\$ 4.2</u>	<u>5.2%</u>

## Revenue

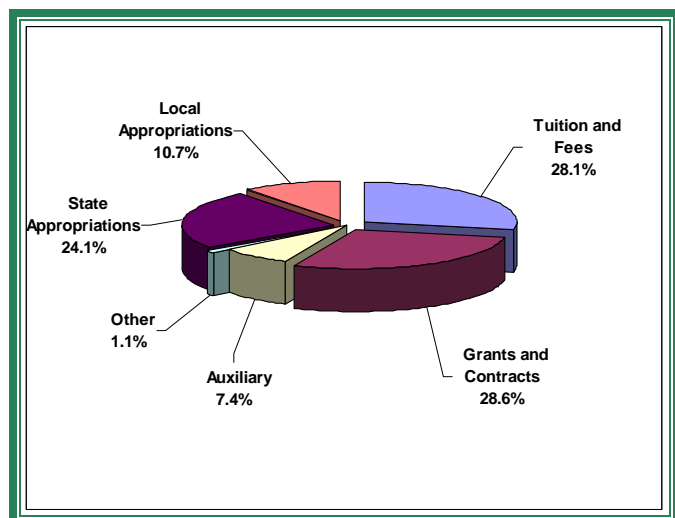
Total revenue increased from \$80.8 million in the prior fiscal year to \$85.0 million, an increase of \$4.2 million or 5.2 percent.

Operating revenue increased, consistently over all sources for a total of \$3.1 million, while non-operating revenue increased by \$1.1 million.

The increases in non-operating revenue occurred primarily in the state appropriations category of \$.9 million. Local appropriations decreased by \$.4 million as a result of deferred revenue recognition of \$.5 million in the prior year.

The following graph represents sources and percentages of revenue to the College for the fiscal year.

**Revenues by Source**



## Expenses

Operating expenses were \$80.8 million for the fiscal year, up by a net of \$2.9 million or 3.7 percent over the prior year. The most significant increase occurred in salaries and benefits, which increased by approximately \$2.51 million or an increase of approximately 6 percent. The College's governing board approved a 3 percent salary increase for employees in addition to the 3 percent approved by the state, however the state allocation only covered approximately 30 percent of the overall pay increase.

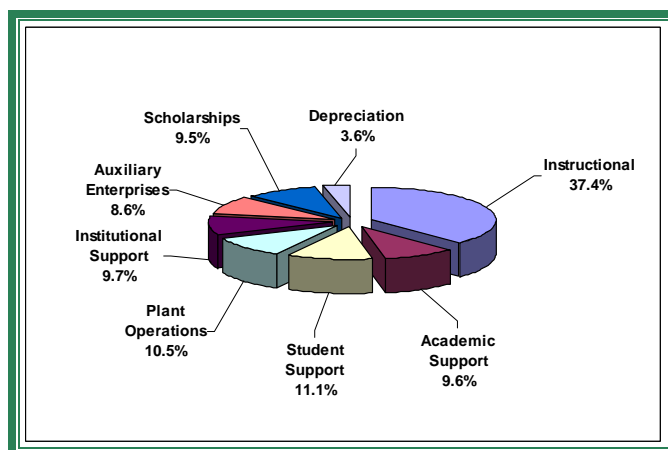
Scholarships to students increased by approximately \$0.1 million over the prior year, which is in line with expectations.

Utilities and supplies and other services increased slightly, by \$.51 million. This increase was in line with the budget.

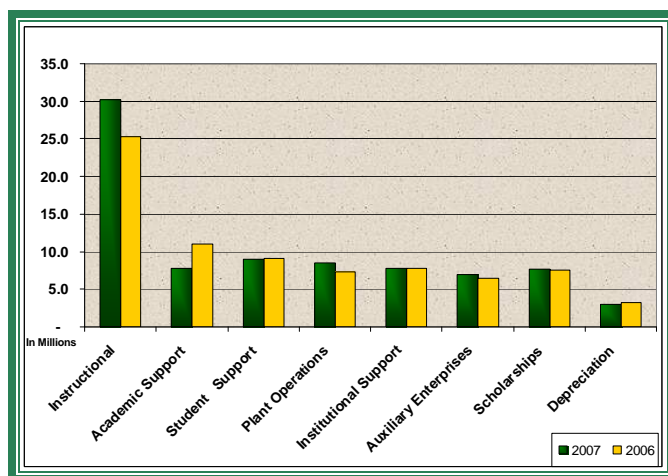
Depreciation expense decreased by approximately \$0.25 million from the prior year.

The following graphs represent operating expenses by function for fiscal year ended June 30, 2007 and a comparison of operating expenses by function for fiscal years ended 2007 and 2006.

**Operating Expenses by Function**



**Comparison of Operating Expenses by Function**  
Fiscal Years 2006 & 2007



## STATEMENT OF CASH FLOWS

The Statement of Cash Flows is the final statement to be presented. It presents detailed information about the cash activity of the College during the year and provides the reader with the sources and uses of cash by the major categories of operating, non-capital financing, capital and related financing, and investing activities. This statement will always show a loss in the section cash flows from operating activities due to the College's dependence on state and local appropriations.

The statement is divided into five parts. The first section reflects the operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-operating financing activities. This section shows the cash received and spent for non-operating, non-investing, and non-capital financing activities and addresses the cash used for the acquisition and construction of capital and related items. The third section reflects cash flows from capital and related financing activities and shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The final section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

Cash increased by approximately \$13.4 million from last year. Approximately \$10.0 million was a result of a new bond issuance. Net cash used by operating activities increased by \$2.8 million over the prior year to \$24.7 million and cash from capital and related financing activities increased by \$9.6 million over the prior year to \$8.0 million. Overall cash provided from non-capital financial activities provided \$27 million which includes state and local appropriations, an increase of \$.25 million over the prior year.

#### **Debt Administration**

The College's financial statements reflect \$17,910,000 in (general obligation) bonds payable. These bonds are general obligation bonds of the state backed by the full faith, credit and taxing power of the state. Tuition revenue is pledged up to the amount of annual debt requirements for the annual payment of principal and interest on the bonds.

Also outstanding at June 30, 2007, is a capital lease payable in the amount of \$186,320 for equipment purchased in May 2005. The College partially financed an upgrade to the hardware that supports its administrative systems with proceeds from this lease. For additional information on debt administration, please refer to notes 12 and 13.

#### **Economic Factors**

The economic condition of the College is dependent to a large degree on that of the state and local governments. State funding remained relatively stable from last year. State support is used to offset salaries and benefits for college employees. As the economic condition of the state continues to improve, the College will be able to minimize increases to students and be better positioned to fund its operations. Local government support for the College remains strong and continues to provide significant funding for on-going maintenance, renovation and construction of new facilities.

#### **Requests for Information**

Additional information or questions concerning any of the information provided should be requested from the College's Associate Vice President for Business Affairs at Midlands Technical College, P.O. Box 2408, Columbia, SC 29202 or by e-mail at [walkerd@midlandstech.edu](mailto:walkerd@midlandstech.edu).

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## BASIC FINANCIAL STATEMENTS

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**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Total Primary Government</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,399,122	\$ —	\$ 4,399,122
Short-term investments	27,223,985	—	27,223,985
Accounts receivable, net	5,016,584	—	5,016,584
Inventories	2,384,254	—	2,384,254
Other assets	594,620	—	594,620
Internal balances	<u>(368,612)</u>	<u>368,612</u>	<u>—</u>
Total current assets	<u>39,249,953</u>	<u>368,612</u>	<u>39,618,565</u>
Noncurrent assets:			
Restricted cash and cash equivalents	11,734,257	—	11,734,257
Capital assets, net of accumulated depreciation	<u>51,533,988</u>	<u>—</u>	<u>51,533,988</u>
Total noncurrent assets	<u>63,268,245</u>	<u>—</u>	<u>63,268,245</u>
Total assets	<u>102,518,198</u>	<u>368,612</u>	<u>102,886,810</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,182,854	—	2,182,854
Accrued payroll and related liabilities	685,905	—	685,905
Funds held for others	206,629	—	206,629
Deferred revenue	3,657,177	—	3,657,177
Long term liabilities-current portion			
Bonds payable	575,000	—	575,000
Capital lease payable	59,925	—	59,925
Compensated absences	299,201	—	299,201
Accrued interest payable	<u>206,686</u>	<u>—</u>	<u>206,686</u>
Total current liabilities	<u>7,873,377</u>	<u>—</u>	<u>7,873,377</u>
Noncurrent liabilities			
Long-term liabilities-noncurrent portion			
Bonds payable	17,335,000	—	17,335,000
Unamortized bond premium	89,009	—	89,009
Capital lease payable	126,395	—	126,395
Accrued compensated absences	<u>2,991,002</u>	<u>—</u>	<u>2,991,002</u>
Total noncurrent liabilities	<u>20,541,406</u>	<u>—</u>	<u>20,541,406</u>
Total liabilities	<u>28,414,783</u>	<u>—</u>	<u>28,414,783</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	41,378,344	—	41,378,344
Restricted for:			
Expendable:			
Capital projects	27,216,757	—	27,216,757
Debt service	411,443	—	411,443
Unrestricted	<u>5,096,871</u>	<u>368,612</u>	<u>5,465,483</u>
Total net assets	<u>\$ 74,103,415</u>	<u>\$ 368,612</u>	<u>\$ 74,472,027</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Fiscal Year Ended June 30, 2007**

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Primary Government</u>
<b>REVENUES</b>			
Operating revenues:			
Student tuition and fees (net of scholarship allowances of \$12,979,039)	\$ 23,468,385	\$ —	\$ 23,468,385
Federal grants and contracts	13,584,530	—	13,584,530
State grants and contracts	10,079,966	—	10,079,966
Nongovernmental grants and contracts	195,870	—	195,870
Sales and services of educational departments	59,011	—	59,011
Auxiliary enterprises (net of book allowances of \$1,798,250)	6,181,968	—	6,181,968
Other operating revenues	<u>742,382</u>	<u>—</u>	<u>742,382</u>
Total operating revenues	<u>54,312,112</u>	<u>—</u>	<u>54,312,112</u>
<b>EXPENSES</b>			
Operating expenses:			
Salaries	38,946,598	—	38,946,598
Benefits	9,761,904	—	9,761,904
Scholarships	7,664,137	—	7,664,137
Utilities	1,507,205	—	1,507,205
Supplies and other services	19,840,721	95,539	19,936,260
Depreciation	<u>2,942,705</u>	<u>—</u>	<u>2,942,705</u>
Total operating expenses	<u>80,663,270</u>	<u>95,539</u>	<u>80,758,809</u>
Operating loss	<u>(26,351,158)</u>	<u>(95,539)</u>	<u>(26,446,697)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State appropriations	19,759,248	—	19,759,248
Local appropriations	7,198,337	—	7,198,337
Investment income (net of investment expense of \$29,786)	1,832,051	—	1,832,051
Interest on capital asset-related debt	(358,435)	—	(358,435)
Federal grants and contracts	20,484	—	20,484
Other nonoperating expenses	<u>(9,021)</u>	<u>—</u>	<u>(9,021)</u>
Net nonoperating expenses	<u>28,442,664</u>	<u>—</u>	<u>28,442,664</u>
Income before other revenues, expenses, gains, or losses	<u>2,091,506</u>	<u>(95,539)</u>	<u>1,995,967</u>
Capital grants, gifts, revenue, and appropriations			
Contributed capital assets	27,168	—	27,168
Research university infrastructure bonds	339,970	—	339,970
Local capital appropriations	1,762,000	—	1,762,000
Other	<u>107,250</u>	<u>—</u>	<u>107,250</u>
Total capital grants, gifts, revenue, and appropriations	<u>2,236,388</u>	<u>—</u>	<u>2,236,388</u>
Increase (decrease) in net assets	<u>4,327,894</u>	<u>(95,539)</u>	<u>4,232,355</u>
<b>NET ASSETS</b>			
Net Assets-beginning of year (as restated)	<u>69,775,521</u>	<u>464,151</u>	<u>70,239,672</u>
Net Assets-end of year	<u>\$ 74,103,415</u>	<u>\$ 368,612</u>	<u>\$ 74,472,027</u>

*The accompanying notes are an integral part of these financial statements.*



# MIDLANDS TECHNICAL COLLEGE

## STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2007

	<u>Midlands Technical College</u>	<u>Enterprise Campus Authority</u>	<u>Primary Government</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Student tuition and fees-net	\$ 23,849,841	\$ —	\$ 23,849,841
Federal, state and local grants and contracts	22,077,273	—	22,077,273
Non governmental contracts	195,870	—	195,870
Sales and services of educational departments	59,011	—	59,011
Auxiliary enterprise charges	6,181,968	—	6,181,968
Other receipts	742,382	—	742,382
Payments to vendors	(29,486,955)	(82,688)	(29,569,643)
Payments to employees	<u>(48,279,801)</u>	<u>—</u>	<u>(48,279,801)</u>
Net cash used by operating activities	<u>(24,660,411)</u>	<u>(82,688)</u>	<u>(24,743,099)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State appropriations	19,758,424	—	19,758,424
Local appropriations	7,198,337	—	7,198,337
State, local and federal grants, gifts and contracts-nonoperating	48,476	—	48,476
Transfers to/from other state agencies	33,701	—	33,701
Expended for agency funds	26,150	—	26,150
Interfund activity	<u>(82,688)</u>	<u>82,688</u>	<u>—</u>
Net cash flows provided by noncapital financing activities	<u>26,982,400</u>	<u>82,688</u>	<u>27,065,088</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Local appropriations for capital	2,030,636	—	2,030,636
Research university infrastructure bonds	390,756	—	390,756
Proceeds from bond issuance	9,961,730	—	9,961,730
Purchase of capital assets	(3,604,748)	—	(3,604,748)
Principal paid on capital debt	(477,846)	—	(477,846)
Interest paid on capital debt	<u>(257,396)</u>	<u>—</u>	<u>(257,396)</u>
Net cash provided by capital and related financing activities	<u>8,043,132</u>	<u>—</u>	<u>8,043,132</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	389,264,091	—	389,264,091
Interest on investments	1,407,738	—	1,407,738
Purchase of investments	<u>(387,617,891)</u>	<u>—</u>	<u>(387,617,891)</u>
Net cash flows provided by investing activities	<u>3,053,938</u>	<u>—</u>	<u>3,053,938</u>
Net increase in cash	13,419,059	—	13,419,059
Cash-beginning of year	<u>2,714,320</u>	<u>—</u>	<u>2,714,320</u>
Cash-end of year	<u>\$ 16,133,379</u>	<u>\$ —</u>	<u>\$ 16,133,379</u>
<b>Reconciliation of net operating loss to net cash provided (used) by operating activities:</b>			
Operating loss	\$ (26,351,158)	\$ (95,539)	\$ (26,446,697)
Adjustments to reconcile net operating loss to net cash:			
Depreciation expense	2,942,705	—	2,942,705
Change in assets and liabilities:			
Receivable, net	(1,716,830)	—	(1,716,830)
Inventories	(532,077)	—	(532,077)
Deferred charges and prepaid expense	(50,621)	—	(50,621)
Deferred revenue	510,871	—	510,871
Accounts payable	144,837	12,851	157,688
Accrued leave payable	<u>391,862</u>	<u>—</u>	<u>391,862</u>
Net cash used by operating activities	<u>\$ (24,660,411)</u>	<u>\$ (82,688)</u>	<u>\$ (24,743,099)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Noncash investing activities-change in fair value of investments	\$ 414,617	\$ —	\$ 414,617
Capitalized interest	106,456	—	106,456
Contributed capital assets	<u>27,168</u>	<u>—</u>	<u>27,168</u>
Total noncash investing, capital and financing activities	<u>\$ 548,241</u>	<u>\$ —</u>	<u>\$ 548,241</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
as of June 30, 2007

	<u>2007</u>
<b>Assets</b>	
Cash and equivalents	\$ 1,037,291
Contributions receivable	458,260
Capital assets, net	52,500
Investments - real estate	45,000
Investments	<u>4,435,519</u>
Total assets	<u>\$ 6,028,570</u>
<b>Liabilities and Net Assets</b>	
Accounts payable	<u>\$ 2,789</u>
Total liabilities	<u>2,789</u>
Net assets:	
Unrestricted - undesignated	1,881,324
Unrestricted - designated	96,499
Temporarily restricted	1,225,136
Permanently restricted	<u>2,822,822</u>
Total net assets	<u>6,025,781</u>
Total liabilities and net assets	<u>\$ 6,028,570</u>

*The accompanying notes are an integral part of these financial statements.*

# MIDLANDS TECHNICAL COLLEGE FOUNDATION, INC.

## STATEMENT OF ACTIVITIES

for the year ended June 30, 2007

	<u>Unrestricted</u>		<u>Temporarily</u>	<u>Permanently</u>	<u>Totals</u>
	<u>Undesignated</u>	<u>Designated</u>	<u>Restricted</u>	<u>Restricted</u>	<u>2007</u>
<b>Revenue, gains, and other support</b>					
Contributions	\$ 254,717	\$ —	\$ 96,460	\$ 24,666	\$ 375,843
Income on long-term investments	58,192	13,352	34,109	—	105,653
Other investment income	13,880	—	—	—	13,880
Net unrealized and realized gains on long-term investments	418,855	29,567	75,118	—	523,540
Net assets released from restrictions:					
Satisfaction of program restrictions	—	184,707	(184,707)	—	—
Expiration of time restrictions	<u>(22)</u>	<u>(2,234)</u>	<u>(7,516)</u>	<u>9,772</u>	<u>—</u>
Total revenue, gains and other support	<u>745,622</u>	<u>225,392</u>	<u>13,464</u>	<u>34,438</u>	<u>1,018,916</u>
<b>Expenses and losses</b>					
Management and general	36,616	—	—	—	36,616
College support	160,890	151,458	—	—	312,348
Student support	30,852	42,874	—	—	73,726
Fund raising	<u>8,021</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,021</u>
Total expenses	<u>236,379</u>	<u>194,332</u>	<u>—</u>	<u>—</u>	<u>430,711</u>
Change in net assets	509,243	31,060	13,464	34,438	588,205
Net assets at beginning of year	<u>1,372,081</u>	<u>65,439</u>	<u>1,211,672</u>	<u>2,788,384</u>	<u>5,437,576</u>
Net assets at end of year	<u>\$ 1,881,324</u>	<u>\$ 96,499</u>	<u>\$ 1,225,136</u>	<u>\$ 2,822,822</u>	<u>\$ 6,025,781</u>

*The accompanying notes are an integral part of these financial statements.*

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Midlands Technical College (the “College”), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the population of Richland, Lexington and Fairfield counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College’s service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

Midlands Technical College Foundation, Inc. (“the Foundation”) is a not-for-profit organization that was formed August 12, 1970, to benefit and support education at Midlands Technical College.

#### Reporting Entity

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the reporting entity are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Midlands Technical College, as the primary government, and the accounts of Midlands Technical College Foundation (the “Foundation”), its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation’s relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt discretely presented component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-nine-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the

activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation’s operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences. However, significant note disclosures to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements. Financial statements for the Foundation can be obtained by mailing a request to Midlands Technical College Foundation, Post Office Box 2408, Columbia, South Carolina 29202.

The College follows GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* which provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and clarifies reporting requirements for those organizations. Based on these criteria, the primary government includes the financial statements and accounts of the College and the Enterprise Campus Authority (the “Authority”). The Authority is a governmental entity that conducts business type activities and is reported as a major fund.

The Midlands Technical College Enterprise Campus Authority was established in 2004 by S.C. Act 200, codified as sub-article 3, Article 20, Chapter 53, Title 59 of the 1976 South Carolina Code of Laws, as amended. For accounting purposes, the Authority is considered a component unit of Midlands Technical College. The Authority was established to provide for the management, development and operation of the Enterprise Campus of Midlands Technical College, located on the Northeast Campus. The Board of the Authority consists of the members of the Midlands Technical College Commission, all serving ex-officio.



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial Statements

The financial statements are presented in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB Statements No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College’s assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows that replace the fund-group perspective previously required.

#### Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

#### Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates. Actual amounts may differ from the estimates.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer’s Office are considered restricted cash equivalents.

#### Investments

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660,

“Investments of Funds.” During the year ended June 30, 2005, the College implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3*. This statement required disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

#### Accounts Receivable

Accounts receivable consists of tuition and fee charges to students, gift pledges and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College’s grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

#### Inventories

Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out (“FIFO”) basis.

#### Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of three years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred. Certain works of art are considered inexhaustible. These capital assets are not subject to depreciation.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 3 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

#### Deferred Revenues and Deposits

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grants, contract sponsors and other governments that have not yet been earned.

Deposits represent student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

#### Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of current and long-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

#### Net Assets

The College's net assets are classified as follows:

- *Invested in capital assets, net of related debt:* This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.
- *Restricted net assets - expendable:* Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

- *Restricted net assets - nonexpendable:* Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.
- *Unrestricted net assets:* Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

#### Income Taxes

The College is exempt from income taxes under the Internal Revenue Code.

#### Classification of Revenues

The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

- *Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.
- *Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

#### Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. Midlands Technical College receives such revenues primarily from the automotive and dental auxiliary departments.

#### Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by bookstores, food services and vending. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

#### Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

#### Capitalized Interest

The College's policy is to capitalize as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects that will be capitalized in the applicable capital asset categories upon completion. The College incurred \$464,891 of total interest cost during the year ended June 30, 2007, of which \$358,435 was expensed and \$106,456 was capitalized.

#### Reclassification

Certain balances have been reclassified to conform to current year presentation.

### Discretely Presented Component Unit

The financial statements of the Foundation are presented in accordance with accounting principles generally accepted in the United States of America and are prepared on the accrual basis of accounting. Consequently, the net assets of the Foundation are reported as follows:

- *Unrestricted Undesignated* – Unrestricted Undesignated Net Assets are not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Unrestricted Designated* – Unrestricted Designated Net Assets are not subject to donor-imposed restrictions but subject to Foundation Board imposed stipulations.
- *Temporarily Restricted* – Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.
- *Permanently Restricted* – Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.
- *Revenue, Gains and Other Support and Expenses and Losses* – Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

- *Donated Services, Goods, and Facilities* – A substantial number of volunteers have donated an undetermined number of hours to the Foundation's program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements since the services do not require specialized skills.

During the year ended June 30, 2007, the Foundation received contributed equipment valued at approximately \$109,500 from donors. Substantially all contributions of equipment to the Foundation become property of the College upon receipt of the property from the donor. Accordingly, the Foundation records the contributions at their fair value with an offset to college support in these financial statements.

- *Use of Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- *Cash and Cash Equivalents* – Cash and cash equivalents consist of cash held in checking and money market accounts with maturities of less than 90 days. Management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.
- *Investments* – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investment in real estate held for sale is reported at the lower of cost or market. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Securities or other investments donated are recorded at their market value at the date of the gift.
- *Concentrations of Credit and Market Risk* – Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Foundation has not experienced any losses on its cash equivalents. Management believes that the Foundation's investment portfolio is adequately diversified among issuers. In addition, management believes that the Foundation has the ability to hold its investment portfolio during periods of temporary market declines.
- *Income Taxes* – The Foundation has received a determination from the Internal Revenue Service that it is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Service.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 2 – STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and

are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a reconciliation of the state appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2007:

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#### Non-Capital Appropriations

Appropriations per State Board Allocation	\$ 18,487,394
Appropriations from Commission on Higher Education Academic Endowment	824
Appropriations from SC Education Lottery Fund	657,440
Other:	
Nursing Funding	<u>613,590</u>
Total non-capital appropriations recorded as current year revenue	<u>\$ 19,759,248</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS

#### Deposits

Deposits include cash and cash equivalents on deposit in banks and held by the State Treasurer. At year-end, the College's carrying amount of deposits with banks was \$4,375,830. The bank balance was \$198,855, of which \$100,000 was covered by FDIC insurance and the balance was collateralized with securities held by a third-party financial institution (as the College's agent) in the College's name. The State Treasurer held \$11,734,257 in its pooled cash funds in the College's name.

**Restricted Cash** – Restricted cash includes \$559,769 held for debt service reserve funds, \$1,541,621 held for maintenance, repair and replacement, and \$9,632,867 for construction, all three as required by bond indentures.

**Custodial Credit Risk** – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The College's policy regarding custodial credit risk related to deposits is to ensure funds on deposit are obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit or collateralized repurchase agreements. Additionally, the College deposits its funds in large financially sound institutions.

The College did not recognize losses due to default by counterparties.

**Credit Risk** – The College's policy regarding credit risk of deposits is that it only uses high quality brokers and financial institutions to manage its investment portfolios. In addition, the College's investments include only obligations of the United States Government and certificates of deposit. These types of investments are not subject to credit risk as they are fully collateralized and/or insured by the Federal Deposit Insurance Corporation. Therefore, the disclosure of quality ratings on rated debt investments is not applicable to the College.

**Foreign Currency Risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. The College does not maintain deposits that are denominated in a currency other than the United States dollar; and therefore, is not exposed.

#### Investments

The College's investments at June 30, 2007, are *not* with the South Carolina State Treasurer's Office and are alternatively held by certain financial institutions in the College's name. The fair value of investments at June 30, 2007, consists solely of certificates of deposits or United States government backed securities with maturities of less than one year. All of the securities for the reporting period were either fully collateralized or insured by the Federal Deposit Insurance Corporation.

**Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The College limits its investments to the safest types of securities and structures its investment portfolio so securities mature to meet cash requirements for ongoing operations and therefore prevents the need to sell securities prior to maturity. The College monitors its investments periodically to ensure that the collateral exceeds the market value of investments.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's policy regarding credit risk of investments is that it only uses high quality brokers and financial institutions to manage its investment portfolios. In addition, the College's investments include only obligations of the United States Government and certificates of deposit. These types of investments are not subject to credit risk as they are fully collateralized and/or insured by the Federal Deposit Insurance Corporation. Therefore, the disclosure of quality ratings on rated debt investments is not applicable to the College.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

More than 5 percent of the total investments at June 30, 2007, were in securities with one financial institution. These investments represented approximately 95 percent of total investments and were not explicitly guaranteed by the United States government. The College's rated debt investments as of June 30, 2007, are rated Aaa by Moody's Investors Service. The fair value of these investments is \$26,768,609. The investments consist of 51 percent FNMA and 49 percent Federal Home Discount notes.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities.

All investments in the College's portfolio at June 30, 2007, have fixed rates, therefore the College is not exposed to interest rate risk as it applies to debt investments.

**Investment Pool** – The College has deposits of \$11,734,257 held as a part of the State of South Carolina Office of State Treasurer Local Government Investment Pool. Deposit risk information relating to this investment pool may be obtained from the State of South Carolina's Comprehensive Annual Financial Report. Copies of this report may be obtained from the South Carolina Office of the Comptroller General, 1200 Senate Street, 305 Wade Hampton Office Building, Columbia, South Carolina 29201 or by visiting the Comptroller General's website at <http://www.cg.state.sc.us/>.

A reconciliation of the College's deposits and investments on its statement of net assets to this footnote disclosure is as follows:

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### STATEMENT OF NET ASSETS:

Cash and cash equivalents	\$ 4,399,122
Restricted cash and cash equivalents	11,734,257
Investments	<u>27,223,985</u>
Total statement of net assets	<u>\$ 43,357,364</u>

### DEPOSITS AND INVESTMENTS NOTE:

Carrying value of deposits	\$ 4,375,830
Cash on hand	23,292
Held by State Treasurer	11,734,257
Certificates of Deposit	455,376
U.S. Government Agency Securities	<u>26,768,609</u>
Total deposit and investments note	<u>\$ 43,357,364</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

#### Discretely Presented Component Unit

The following summarizes the cost and fair values of investments at June 30, 2007:

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	<u>Cost</u>	<u>Fair Value</u>
Marketable Securities:		
Mutual funds-Fixed income	\$ 1,349,315	\$ 1,321,915
Mutual funds-Equities	<u>2,538,885</u>	<u>3,058,168</u>
	<u>3,888,200</u>	<u>4,380,083</u>
Certificate of Deposit	55,436	55,436
Real estate held for sale	<u>45,000</u>	<u>45,000</u>
	<u>\$ 3,988,636</u>	<u>\$ 4,480,519</u>

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# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2007, including applicable allowances, were as follows:

**Receivables:**

Local Government	\$ 21,956
Student Accounts	2,355,091
Company Accounts	1,209,119
Federal Grants and Contracts	1,748,538
State Grants and Contracts	1,116,163
Less: Allowance for Uncollectibles	<u>(1,434,283)</u>

Receivables, net \$ 5,016,584

The above allowance for losses for student accounts receivable is established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

### Contributions Receivable – Discretely Presented Component Unit

Unconditional promises to give as of June 30, 2007, are due as follows:

Within one year	\$ 321,500
One to five years	<u>201,687</u>
Total	\$ 523,187
Allowance for uncollectible pledges	(33,786)
Present value discount	<u>(31,142)</u>
Contributions receivable, net	<u>\$ 458,259</u>

This discount used on long-term promises to give was 4% for 2007.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 5 - CAPITAL ASSETS

<u>Primary Government</u>	<u>Beginning Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance June 30, 2007</u>
Capital assets not being depreciated:				
Land and improvements	\$ 5,215,485	\$ —	\$ —	\$ 5,215,485
Construction in progress	288,086	3,101,590	(1,385,712)	2,003,964
Works of art, historical treasures, and similar assets	95,346	—	—	95,346
Total capital assets not being depreciated	<u>5,598,917</u>	<u>3,101,590</u>	<u>(1,385,712)</u>	<u>7,314,795</u>
Other capital assets:				
Buildings and improvements	60,849,146	—	(177,368)	60,671,778
Machinery, equipment, and other	10,726,403	674,301	(503,292)	10,897,412
Vehicles	778,349	106,467	(24,192)	860,624
Depreciable land improvements	3,837,604	1,600,670	(5,157)	5,433,117
Intangibles	512,750	—	—	512,750
Total other capital assets at historical cost	<u>76,704,252</u>	<u>2,381,438</u>	<u>(710,009)</u>	<u>78,375,681</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,003,223)	(1,692,347)	180,280	(20,515,290)
Machinery, equipment, and other	(8,708,660)	(1,158,479)	468,675	(9,398,464)
Vehicles	(707,519)	(126,647)	24,194	(809,972)
Depreciable land improvements	(2,722,069)	(345,187)	147,244	(2,920,012)
Intangibles	(512,750)	—	—	(512,750)
Total accumulated depreciation	<u>(31,654,221)</u>	<u>(3,322,660)</u>	<u>820,393</u>	<u>(34,156,488)</u>
Other capital assets, net	<u>45,050,031</u>	<u>(941,222)</u>	<u>110,384</u>	<u>44,219,193</u>
Capital assets, net	<u>\$ 50,648,948</u>	<u>\$ 2,160,368</u>	<u>\$ (1,275,328)</u>	<u>\$ 51,533,988</u>
<u>Discretely Presented Component Unit</u>	<u>Beginning Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance June 30, 2007</u>
Depreciable capital assets:				
Equipment	\$ —	\$ 60,000	\$ —	\$ 60,000
Total depreciable capital assets	<u>—</u>	<u>60,000</u>	<u>—</u>	<u>60,000</u>
Less accumulated depreciation:				
Equipment	—	(7,500)	—	(7,500)
Total accumulated depreciation	<u>—</u>	<u>(7,500)</u>	<u>—</u>	<u>(7,500)</u>
Capital assets, net	<u>\$ —</u>	<u>\$ 52,500</u>	<u>\$ —</u>	<u>\$ 52,500</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, PO Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

#### South Carolina Retirement System

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

From July 1, 1988, to June 30, 2005, employees participating in the SCRS were required to contribute 6.0 percent of all compensation. On July 1, 2005, the required employee contribution increased to 6.25 percent. On July 1, 2006, the required employee contribution increased to 6.50 percent. Effective July 1, 2006, the employer contribution rate became 11.40 percent which included a 3.35 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2007, 2006, and 2005, were \$3,445,081, \$3,128,133, and \$2,986,588, respectively, and equaled the required contributions of 7.55 percent (excluding the surcharge) for fiscal years 2005 and 2006 and 8.05 percent (excluding the surcharge) for fiscal year 2007. Also, the College paid employer group-life insurance

contributions of \$46,853 in the current fiscal year at the rate of .15 percent of compensation.

#### Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2006, the employer contribution rate became 13.65 percent, which, as for the SCRS, included the 3.35 percent surcharge. The College's actual contributions to the PORS for the years ending June 30, 2007, 2006, and 2005, were \$26,767, \$26,101, and \$22,079, respectively, and equaled the required contributions of 10.3 percent (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$405 and accidental death insurance contributions of \$405 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

#### Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 8.05 percent plus the retiree surcharge of 3.35 percent from the employer in fiscal year 2007.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 6 – PENSION PLANS (Continued)

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$151,571 (excluding the surcharge) from Midlands Technical College as employer and \$122,387 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$2,824 in the current fiscal year at the rate of .15 percent of compensation.

#### Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

#### Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005, will not be required to make SCRS contributions.

SCRS employer contribution will increase by 1.01% effective July 1, 2007.



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 7 – POSTEMPLOYMENT AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the College are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

These benefits are provided through annual appropriations by the General Assembly to the College for its active employees and to the State Budget and Control Board for all participating State retirees except the portions funded through the pension surcharge and provided from other applicable fund sources of the College for its active employees who are not funded by State General Fund appropriations. The State finances health and dental plan benefits on a pay-as-you-go basis.

The College recorded benefit expenses for these insurance benefits for active employees in the amount of \$2,928,873 for the year ended June 30, 2007. As discussed in Note 6, the College paid \$115,726 applicable to the 3.35 percent surcharge included with the employer contributions for retirement benefits. These amounts were remitted to the South Carolina Retirement Systems for distribution to the Office of Insurance Services for retiree health and dental insurance benefits.

Information regarding the cost of insurance benefits applicable to College's retirees is not available. By State law, the College has no liability for retirement benefits. Accordingly, the cost of providing these benefits for retirees is not included in the accompanying financial statements.

In addition, the State General Assembly periodically directs the Retirement Systems to pay supplemental (cost of living) increases to retirees. Such increases are primarily funded from Systems' earnings; however, a portion of the required amount is appropriated from the State General Fund annually for the SCRS and PORS benefits.

### NOTE 8 – CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

Necessary funding has been obtained for the acquisition, construction, renovation, and equipping of certain facilities, which will be capitalized in the applicable capital asset categories upon completion. At June 30, 2007, the College had remaining commitment balances of approximately \$459,125 with certain property owners, engineering firms, construction contractors, and vendors related to these projects. Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities. Remaining commitment balances with certain parties related to these projects total \$16,875 at June 30, 2007.

The College anticipates funding these projects out of current resources, current and future bond issues, private gifts, student fees, local appropriations, and state capital improvement bond proceeds. The State has issued capital improvement bonds to fund improvements and expansion of state facilities. The College is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The College has \$1,462,309 of authorized state capital improvement bond proceeds available to draw at June 30, 2007. The College has authorized \$9,632,867 in state institution bonds to draw for construction of facilities.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 9 – LEASE OBLIGATIONS

#### Operating Leases

The College leases certain office equipment under operating leases with external parties. Future minimum payments under these non-cancelable leases are as follows:

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<u>Year Ended June 30,</u>	<u>Operating Leases with External Parties</u>
2008	\$ 214,354
2009	186,768
2010	167,126
2011	15,059
2012	<u>—</u>
Total Minimum Payments	<u>\$ 583,307</u>

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Operating lease payments disbursed to external parties during the fiscal year ended 2007 total \$265,821. The College's contingent rental payments were \$213,778 for copiers with expense determined on a cost per copy basis.

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#### Capital Lease

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2008	\$ 59,925	\$ 6,703	\$ 66,628
2009	62,081	4,547	66,628
2010	<u>64,314</u>	<u>2,314</u>	<u>66,628</u>
	<u>\$ 186,320</u>	<u>\$ 13,564</u>	<u>\$ 199,884</u>

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Capital lease payable at June 30, 2007, consists of a lease secured by computer systems and peripheral equipment, dated May 4, 2005, payable in annual installments of \$66,628, beginning in 2006, and maturing on May 4, 2010, at an interest rate of 3.597%, with an outstanding principal balance of \$186,320 at June 30, 2007. The cost of the equipment was \$499,300 less accumulated depreciation of \$365,987 with a net book value of \$133,313.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 10 – LINE OF CREDIT

The Commission authorized the administration to create a temporary line of credit not to exceed \$1,000,000 if needed to support the operations of the College. The line of credit was not opened during the year.

### NOTE 11 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2007, are summarized as follows:

Accounts payable	\$ 1,788,679
Employee payable	19,731
Construction payable	210,161
Retainage payable	<u>164,283</u>
 Total accounts payable	 <u>\$ 2,182,854</u>

Construction and retainage payables are payables from restricted assets.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 12 – BONDS AND NOTES PAYABLE

#### Bonds Payable

Bonds payable consisted of the following at June 30, 2007:

	Interest Rates	Maturity	
		Dates	Balance
General Obligation Bonds			
Series 2007A	4.0% to 5.0%	04/01/2027	\$ 10,000,000
Series 2002C	3.0% to 4.5%	10/01/2021	\$ 4,525,000
Series 1998A	4.5% to 4.7%	03/01/2018	\$ 3,385,000
Total Bonds Payable			<u>\$ 17,910,000</u>

General obligation bonds of the State are backed by the full faith, credit, and taxing power of the State. Tuition revenue is pledged up to the amount of annual debt requirements for the payment of principal and interest on general obligation bonds. The legal debt margin for general obligation bonds is that the maximum amount of annual debt service shall not exceed ninety percent of the sums received from tuition bond fees for the preceding fiscal year. For the Fiscal Year ended June 30, 2007, the amount of receipts designated as tuition fees for state institution bonds purposes is \$1,800,000, which results in a legal annual debt service at June 30, 2007, of \$1,620,000. The annual debt service payments for the fiscal year ended June 30, 2007, were \$775,818. The new debt proceeds are for facility construction. All issues are subject to arbitrage regulations.

The scheduled maturities of the bonds payable are as follows:

<u>General Obligation Bonds</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2008	\$ 575,000	\$ 764,843	\$ 1,339,843
2009	600,000	742,299	1,342,299
2010	625,000	717,630	1,342,630
2011	650,000	691,785	1,341,785
2012	675,000	664,160	1,339,160
2013 - 2017	3,860,000	2,853,955	6,713,955
2018 - 2022	4,835,000	1,933,855	6,768,855
2023 - 2027	<u>6,090,000</u>	<u>803,875</u>	<u>6,893,875</u>
Total	<u>\$ 17,910,000</u>	<u>\$ 9,172,402</u>	<u>\$ 27,082,402</u>

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 13 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2007, was as follows:

	June 30, 2006	Additions	Reductions	June 30, 2007	Due Within One Year
<b>Bonds and Note Payable</b>					
General Obligation Bonds	\$ 8,330,000	\$ 10,000,000	\$ (420,000)	\$ 17,910,000	\$ 575,000
Unamortized Bond Premium	—	89,757	(748)	89,009	—*
Lease Payable	244,166	—	(57,846)	186,320	59,925
Total Bonds, Notes and Capital Leases	\$ 8,574,166	\$ 10,089,757	\$ (478,594)	\$ 18,185,329	\$ 634,925
Accrued Compensated Absences	2,898,341	1,301,290	(909,428)	3,290,203	299,201
<b>Total Long-Term Liabilities</b>	<b>\$ 11,472,507</b>	<b>\$ 11,391,047</b>	<b>\$(1,388,022)</b>	<b>\$ 21,475,532</b>	<b>\$ 934,126</b>

\*amortized to interest expense, straight line, 20 years

### NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS – DISCRETELY PRESENTED COMPONENT UNIT

At June 30, 2007, temporarily restricted net assets are available for the following specific program services:

Periods after June 30, 2007	\$ 223,219
Specific grant programs	<u>1,001,917</u>
	<u>\$ 1,225,136</u>

During the year, temporarily restricted net assets were released for satisfaction of the following restrictions:

Scholarships	\$ 32,749
Professional Development	7,750
Program Support	143,708
Student Support	<u>500</u>
Total program restrictions released	<u>\$ 184,707</u>
Time restrictions released	<u>\$ 7,516</u>

### NOTE 15 – PERMANENTLY RESTRICTED NET ASSETS – DISCRETELY PRESENTED COMPONENT UNIT

Permanently restricted net assets of \$2,822,822 at June 30, 2007, are restricted to investment in perpetuity; the income from which is expendable to support the Foundation's objectives.

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### **NOTE 16 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS**

The College recorded non-governmental gifts receipts of \$386,074 from the Foundation in non-operating revenues for the fiscal year ending June 30, 2007. These funds were used to support College programs such as scholarships. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and support services to the Foundation. The value of this office space and support services was approximately \$180,376 for the year ended June 30, 2007. Additionally, the Foundation paid the College a total of \$3,000 for administrative services during the year.

- Motor vehicles and watercraft
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

### **NOTE 17 – RISK MANAGEMENT**

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment

# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 18 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2007, are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies and Other Services</u>	<u>Depreciation</u>	<u>Total</u>
Instructional							
Expenditures	\$ 21,223,085	\$ 5,171,563	\$ 204	\$ –	\$ 3,821,365	\$ –	\$ 30,216,217
Academic Support	4,335,150	1,066,572	5,195	–	2,344,804	–	7,751,721
Student Services	6,255,574	1,488,073	–	–	1,262,999	–	9,006,646
Plant Operations	1,854,988	532,285	–	1,477,170	4,591,590	–	8,456,033
Institutional Support	4,442,145	1,321,564	937	–	2,028,997	–	7,793,643
Scholarships	–	–	7,657,801	–	–	–	7,657,801
Auxiliary Enterprises	835,656	181,847	–	30,035	5,886,505	–	6,934,043
Depreciation	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,942,705</u>	<u>2,942,705</u>
Total Operating							
Expenses	<u>\$ 38,946,598</u>	<u>\$ 9,761,904</u>	<u>\$ 7,664,137</u>	<u>\$ 1,507,205</u>	<u>\$ 19,936,260</u>	<u>\$ 2,942,705</u>	<u>\$ 80,758,809</u>



# MIDLANDS TECHNICAL COLLEGE

## NOTES TO THE FINANCIAL STATEMENTS

- CONTINUED -

### NOTE 19 – STATEMENT OF ACTIVITIES

Midlands Technical College's transactions are reported in the Higher Education Fund, an enterprise fund, of the State of South Carolina. Following is information needed to present the College's business-type activities in the State's government-wide Statement of Activities.

	<u>2007</u>	<u>2006</u>
Charges for services	\$ 53,569,732	\$ 50,553,579
Operating grants and contributions	9,784,233	9,554,446
Capital grants and contributions	1,896,418	1,908,858
Less: expenses	<u>(81,117,246)</u>	<u>(78,235,730)</u>
Net program revenue (expense)	<u>(15,866,863)</u>	<u>\$ (16,218,847)</u>
Transfers:		
State appropriation	19,759,248	19,059,973
Research university infrastructure		
bond proceeds	<u>339,970</u>	<u>—</u>
Total general revenue and transfers	<u>20,099,218</u>	<u>19,059,973</u>
Change in net assets	4,232,355	2,841,126
Net assets-beginning	<u>70,239,672</u>	<u>67,398,546</u>
Net assets-ending	<u>\$ 74,472,027</u>	<u>\$ 70,239,672</u>

### NOTE 20 – TRANSACTION WITH OTHER AGENCIES

The College had significant transactions with the State of South Carolina and various agencies. Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; check preparation, banking, bond trustee, and investment services from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from the various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, grant services, personnel management, assistance in the preparation of the State Budget, review and approval of certain budget amendments, procurement services, and other centralized functions.

### NOTE 21 – ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

Restatement of Beginning Net Assets

During the current year certain corrections to beginning net assets were identified. The following summarizes restatements to beginning net assets:

Net Assets at June 30, 2006	\$ 70,263,881
Reductions to beginning net assets:	
Correct understatement of	
Accounts payable	<u>(24,209)</u>
Restated net assets at June 30, 2007	<u>\$ 70,239,672</u>

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## FEDERAL AWARDS SECTION

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MIDLANDS TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED June 30, 2007

		<u>Major</u>	<u>Federal CFDA Number</u>	<u>Program Year</u>	<u>Program or Award Amount</u>	<u>Accrued Revenue at 7/1/2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued Revenue at 6/30/07</u>
Student Financial Assistance Cluster									
U. S. Department of Education									
9840216	SEOG 2005-2006	*	84.007A	05/06	321,335.00	11,301.71	(11,189.73)	(111.98)	-
9840217	SEOG 2006-2007	*	84.007A	06/07	449,390.00	-	(456,388.80)	524,389.50	68,000.70
					770,725.00	11,301.71	(467,578.53)	524,277.52	68,000.70
9840100	College Work Study Program	*	84.033A	06/07	56,698.00	-	(56,005.33)	56,698.00	692.67
9840120	College Work Study Program	*	84.003A	06/07	510,282.00	13,536.48	(338,492.57)	359,890.91	34,934.82
9840126	College Work Study Program	*	84.003A	05/06	17,773.75	-	(17,773.75)	17,773.75	-
					584,753.75	13,536.48	(412,271.65)	434,362.66	35,627.49
9840316	PELL	*	84.063	05/06	10,000,000.00	32,826.52	(29,306.33)	(3,520.19)	-
9840317	PELL	*	84.063	06/07	10,000,000.00	-	(8,841,418.77)	9,924,963.30	1,083,544.53
					20,000,000.00	32,826.52	(8,870,725.10)	9,921,443.11	1,083,544.53
9843750	Academic Competitiveness		84.375	06/07	135,637.00	-	(24,425.00)	24,425.00	-
Total Student Financial Assistant Cluster					21,491,115.75	57,664.71	(9,775,000.28)	10,904,508.29	1,187,172.72
TRIO Cluster									
9841106	UpwardBound		84.047A	05/06	287,703.00	73,436.89	(161,196.52)	100,100.68	12,341.05
9841107	UpwardBound		84.047A	06/07	287,703.00	-	(124,344.33)	197,421.80	73,077.47
					575,406.00	73,436.89	(285,540.85)	297,522.48	85,418.52
9841205	Talent Search		84.044A	04/05	345,561.00	575.41	(575.41)	-	-
9841206	Talent Search		84.044A	05/06	345,561.00	33,387.48	(104,591.94)	72,768.59	1,564.13
9841207	Talent Search		84.044A	06/07	345,561.00	-	(249,266.67)	283,934.32	34,667.65
					1,036,683.00	33,962.89	(354,434.02)	356,702.91	36,231.78
9841216	Student Support Services (SSS-AC)		84.042A	05/06	267,986.00	18,978.70	(71,038.11)	52,059.41	-
9841217	Student Support Services (SSS-AC)		84.042A	06/07	267,986.00	-	(206,277.83)	226,771.15	20,493.32
					535,972.00	18,978.70	(277,315.94)	278,830.56	20,493.32
9841305	Education Opportunity Center (EOC)		84.066A	04/05	204,000.00	5,887.13	(5,887.13)	-	-
9841306	Education Opportunity Center (EOC)		84.066A	05/06	204,000.00	14,099.64	(64,533.86)	50,434.22	-
9841307	Education Opportunity Center (EOC)		84.066A	06/07	220,000.00	-	(165,607.36)	184,591.38	18,984.02
					628,000.00	19,986.77	(236,028.35)	235,025.60	18,984.02
Total TRIO Cluster					2,776,061.00	146,365.25	(1,153,319.16)	1,168,081.55	161,127.64

MIDLANDS TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)

9841707	Title III	*	84.031A	06/07	361,435.00	-	(159,043.25)	181,927.59	22,884.34
Passed Through S.C. Department of Education									
9843003	Perkins III (07VA409)	*	84.048	06/07	618,588.00	175,863.35	(580,925.32)	593,430.03	188,368.06
9840480	Perkins III-Oracle SQL (07VA409)			06/07	-	-	(139.35)	139.35	-
Total passed Through S.C. Dept of Education					618,588.00	175,863.35	(581,064.67)	593,569.38	188,368.06
Passed Through University of South Carolina									
9843360	Teacher Quality (05-1059)		84.336B	04/05	124,931.00	6,372.87	(37,478.41)	31,105.54	-
9843366	Teacher Quality (05-1059)		84.336B	05/06	85,000.00	5,169.39	(42,299.83)	39,832.37	2,701.93
9843367	Teacher Quality (05-1059)		84.336B	06/07	67,368.00	-	-	6,603.63	6,603.63
Total passed Through University of South Carolina					277,299.00	11,542.26	(79,778.24)	77,541.54	9,305.56
Total U.S. Department of Education					25,524,498.75	391,435.57	(11,748,205.60)	12,925,628.35	1,568,858.32
U.S. Department of Labor									
9172616	Creating Capacity in Health Science		17.26	06/07	1,946,563.00	51,951.30	(240,610.39)	273,214.60	84,555.51
Passed Through Midlands Workforce Development Board									
9170522	WIA-Youth (6Y694C1)		17.259	06/07	400,437.00	40,942.35	(182,379.74)	178,811.09	37,373.70
Total passed Through Midlands Workforce Development Board					400,437.00	40,942.35	(182,379.74)	178,811.09	37,373.70
Total U.S. Department of Labor					2,347,000.00	92,893.65	(422,990.13)	452,025.69	121,929.21
SC Department of Commerce									
Passed Through South Carolina Technical College System									
9172670	WIA-Incentive		17.267	05/06	21,767.23	-	-	21,767.23	21,767.23
Total SC Department of Commerce					21,767.23	-	-	21,767.23	21,767.23
National Science Foundation									
Passed Through South Carolina State University									
9470005	SCAMP (03-444583)		47.064	04/05	25,000.00	1,743.60	(1,743.60)	-	-
9470006	SCAMP (05-444677)		47.064	05/06	32,500.00	11,400.00	(29,500.94)	20,483.55	2,382.61
9470007	SCAMP		47.064	06/07	-	-	-	-	-
Total Passed Through South Carolina State University					57,500.00	13,143.60	(31,244.54)	20,483.55	2,382.61

**MIDLANDS TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)**

Passed Through University of South Carolina								
9470050	NSF-Peer Review (05-1057)	47.076	05/06	32,972.00	3,879.18	-	-	3,879.18
Total Passed Through University of South Carolina				32,972.00	3,879.18	-	-	3,879.18
Total National Science Foundation				90,472.00	17,022.78	(31,244.54)	20,483.55	6,261.79
U.S. Department of Health and Human Services								
Passed through South Carolina First Steps								
9843200	TEACH	*	93.575	06/07	122,000.00	30,791.12	(184,517.12)	183,448.00
9843201	TEACH bins		93.575	06/07	-	-	(12,293.38)	940.96
9843210	TEACH CE		93.575	06/07	1,000.00	-	(1,000.00)	720.00
Total U.S. Department of Health and Human Services				123,000.00	30,791.12	(197,810.50)	185,108.96	18,089.58
TOTAL FEDERAL ASSISTANCE				<u>\$ 28,106,737.98    \$ 532,143.12    \$ (12,400,250.77)    \$ 13,605,013.78    \$ 1,736,906.13</u>				

Guaranteed student loans awarded totaled \$ 13,315,609.55 at June 30, 2007.

\* denotes major program.

**MIDLANDS TECHNICAL COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2007**

**1. Description**

Midlands Technical College (the “College”) has adopted the Federal Office of Management and Budget’s (“OMB”) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (as revised). For purposes of implementing OMB Circular A-133, federal grant awards were made susceptible to audit and are included in the Schedule of Expenditures of Federal Awards.

**2. Summary of Significant Accounting Principles**

Basis of Presentation

The financial activity shown in the Schedule of Expenditures of Federal Awards reflects amounts recorded by the College on the accrual basis, during its fiscal year July 1, 2006, through June 30, 2007.



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**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The President and Members of the Commission  
Midlands Technical College  
Columbia, South Carolina

I have audited the basic financial statements of Midlands Technical College (the "College") as of and for the year ended June 30, 2007, and have issued my report thereon dated September 27, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the College's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies

in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink, reading "Stuart D. Ford, CPA". The signature is written in a cursive, flowing style.

September 27, 2007

**STUART W. FORD, CPA**  
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**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

The President and Members of the Commission  
Midlands Technical College  
Columbia, South Carolina

Compliance

I have audited the compliance of Midlands Technical College (the "College") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the College's management. My responsibility is to express an opinion on the College's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the College's compliance with those requirements.

In my opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on



compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Stuart W. Lord, CPA". The signature is written in a cursive, flowing style.

September 27, 2007

## MIDLANDS TECHNICAL COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

#### **Summary of Auditor's Results:**

1. The auditor's report expresses an unqualified opinion on the financial statements of Midlands Technical College.
2. No material weaknesses relating to the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Midlands Technical College were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal awards are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Midlands Technical College expresses an unqualified opinion.
6. Major federal programs:

Student Financial Aid Cluster	
Federal Supplemental Education Opportunity Grant	CFDA #84.007
Federal Work-study	CFDA #84.033
Pell Grants	CFDA #84.063
Title III	CFDA #84.031A
Perkins III	CFDA #84.048
TEACH	CFDA #93.575
7. The threshold for distinguishing between Type A and Type B Programs was \$408,150.
8. Midlands Technical College qualified as a low risk auditee.

#### **Financial Statement Findings:**

No findings or questioned costs.

#### **Federal Awards Findings and Questioned Costs:**

No findings or questioned costs.

#### **Status of Prior Year Findings:**

No findings or questioned costs were reported in the prior year.

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**Independent Accountant's Report on State Lottery Tuition Assistance**

The President and Members of the Commission  
Midlands Technical College  
Columbia, South Carolina

As a part of my examination of the financial statements of Midlands Technical College as of and for the year ended June 30, 2007, I reviewed the administrative procedures and internal controls related to the State Lottery Tuition Assistance Program to determine that the College administered the program in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

A random sample of 40 students was selected from the College's list of recipients of lottery tuition assistance.

I reviewed the student records maintained by the financial aid office of each applicant randomly selected to determine that they contained all necessary information and documentation to determine eligibility. I also determined that any lottery tuition assistance awarded did not exceed the remaining cost of tuition and academic fees for the applicable semester after first applying Pell grants, FSEOG, SC Need-Based grants, and other applicable grants.

I also selected a sample of students not receiving funds from the Lottery Tuition Assistance Program, and determined that the students were granted the right to appeal the decision to deny by submitting a written request to the institution's Director of Financial Aid, and determined that the students' requests were handled in accordance with the institution's financial aid procedures as reflected in the student's financial aid record.

I traced amounts to the student account detail to determine that the awarded amounts were identifiably credited to the student's account.

I tested the population of Lottery Tuition Assistance Program recipients to determine that their award was in compliance with restrictions of receipt of this program and the Life Scholarship program.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In my opinion, the State Lottery Tuition Assistance Program has been administered in accordance with State Law and Policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

This report is intended solely for the use of management and of the Midlands Technical College Area Commission and management of the State Board for Technical and Comprehensive Education and should not be used by anyone other than these specified parties.

*Stuart W. Ford, CPA*

September 27, 2007



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# STATISTICAL SECTION

This section of the Midlands Technical College (the “College”) Comprehensive Annual Financial Report presents information that will assist in understanding the information in the financial statements, note disclosures, and the required supplementary information about the overall financial health of the College.

## **CONTENTS**

## **SCHEDULES**

### **Financial Trends**

**1 - 4**

The schedules in this section contain trend information to assist in understanding of how the College’s financial performance and well-being have changed over time.

### **Revenue Capacity**

**5 - 8**

The schedules in this section contain information to assess the College’s most significant revenue sources.

### **Debt Capacity**

**9 - 10**

The schedules in this section present information that assess the affordability of the College’s current levels of outstanding debt and the ability of the College to issue additional debt in future years.

### **Demographic and Economic Information**

**11 - 12**

The schedules in this section offer demographic and economic indicators to assist in understanding the environment within which the College’s financial activities occur.

### **Operating Information**

**13 - 14**

The schedules in this section contain service and infrastructure data to assist in understanding how the information in the College’s financial report relates to the services it provides and the activities it performs.

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## FINANCIAL TRENDS

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**Schedule 1**

**MIDLANDS TECHNICAL COLLEGE**

**SCHEDULE OF NET ASSETS BY COMPONENT**  
**Fiscal Years 2002 - 2007**

	<b>For the Year Ended June 30,</b>					
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Invested in capital assets, net of related debt	\$ 41,378,344	\$ 41,863,617	\$ 42,354,530	\$ 40,695,692	\$ 46,821,316	\$ 42,557,763
Restricted for Expendable:						
Capital projects	27,216,757	22,734,164	20,241,902	18,473,541	12,085,610	11,787,687
Debt service	411,443	226,150	91,547	146,043	124,283	59,982
Unrestricted <sup>a</sup>	<u>5,465,483</u>	<u>5,415,743</u>	<u>4,710,567</u>	<u>4,407,885</u>	<u>4,165,611</u>	<u>3,892,549</u>
<b>Total College net assets</b>	<b><u>\$ 74,472,027</u></b>	<b><u>\$ 70,239,674</u></b>	<b><u>\$ 67,398,546</u></b>	<b><u>\$ 63,723,161</u></b>	<b><u>\$ 63,196,820</u></b>	<b><u>\$ 58,297,981</u></b>

*Note:* Due to reporting format and definition changes prescribed by GASB Statement 34 and 35, only fiscal years 2002-07 are available.

<sup>a</sup> Beginning in 2006 the unrestricted net assets includes the Midlands Technical College Enterprise Campus Authority.

*Source:* Midlands Technical College Audited Financial Statements.

## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF OTHER CHANGES IN NET ASSETS  
Fiscal Years 2002 - 2007

	For the Year Ended June 30,					
	2007	2006	2005	2004	2003	2002
<b>Income Before Other Revenues,</b>						
<b>Expenses, Gains or Loses</b>	\$ 1,995,967	\$ 956,477	\$ 952,604	\$ 1,495,602	\$ 129,313	\$ 2,077,407
State capital appropriations	—	181,858	—	—	90,574	510,651
Other	107,250	—	—	—	—	—
Local capital appropriations	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859	800,000
Research university infrastructure bond	339,970	—	—	—	—	—
Proceeds from state capital improvement bonds	—	—	—	—	1,758,688	6,658,896
Proceeds from state institution bond	—	—	—	—	33,405	—
Contributed capital assets	27,168	—	652,380	—	—	—
Gain on disposal of capital assets	—	—	384,212	—	—	—
<b>Total increase in net assets</b>	<u>\$ 4,232,355</u>	<u>\$ 2,865,335</u>	<u>\$ 3,682,196</u>	<u>\$ 3,156,602</u>	<u>\$ 4,898,839</u>	<u>\$ 10,046,954</u>

*Note: Due to reporting format and definition changes prescribed by GASB Statement 34 and 35, only fiscal years 2002-07 are available.*  
*Source: Midlands Technical College Audited Financial Statements.*

## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY FUNCTION  
Fiscal Years 2002 to 2007

	For the Year Ended June 30,					
	2007	2006	2005	2004	2003	2002
<b>Expenses:</b>						
Instruction	\$ 30,216,217	\$ 25,277,930	\$ 24,500,016	\$ 23,860,773	\$ 23,170,134	\$ 22,270,481
Academic Support	7,751,721	11,030,361	11,602,944	8,441,232	9,078,844	7,428,017
Student Services	9,006,646	9,163,890	8,860,551	8,359,302	7,811,033	7,475,511
Operation and Maintenance of Plant	8,456,033	7,366,825	5,545,289	5,654,610	4,929,832	4,024,633
Institutional Support	7,793,643	7,776,530	7,837,847	8,075,989	8,439,172	8,235,131
Scholarships	7,657,801	7,563,351	8,266,923	7,605,148	2,509,298	341,915
Auxiliary Enterprises	6,934,043	6,520,301	6,174,328	5,943,317	2,800,393	2,594,131
Depreciation	2,942,705	3,195,626	3,114,946	2,731,849	2,801,639	2,625,318
<b>Total Operating Expenses <sup>a</sup></b>	<u>80,758,809</u>	<u>77,894,814</u>	<u>75,902,844</u>	<u>70,672,220</u>	<u>61,540,345</u>	<u>54,995,137</u>
Interest on capital asset-related debt	358,435	316,707	387,754	407,341	493,206	447,526
Loss on disposal of capital assets	9,021	11,098	—	11,453	—	—
<b>Total Expenses</b>	<u>\$ 81,126,265</u>	<u>\$ 78,222,619</u>	<u>\$ 76,290,598</u>	<u>\$ 71,091,014</u>	<u>\$ 62,033,551</u>	<u>\$ 55,442,663</u>

	For the Year Ended June 30,					
	2007	2006	2005	2004	2003	2002
<i>(percentage of total)</i>						
<b>Expenses:</b>						
Instruction	37.3%	32.4%	32.1%	33.4%	37.5%	40.1%
Academic Support	9.6%	14.1%	15.2%	11.9%	14.6%	13.4%
Student Services	11.1%	11.7%	11.6%	11.8%	12.6%	13.5%
Operation and Maintenance of Plant	10.4%	9.4%	7.3%	8.0%	7.9%	7.3%
Institutional Support	9.6%	9.9%	10.3%	11.4%	13.6%	14.9%
Scholarships	9.4%	9.7%	10.8%	10.7%	4.0%	0.6%
Auxiliary Enterprises	8.5%	8.3%	8.1%	8.4%	4.5%	4.7%
Depreciation	3.6%	4.1%	4.1%	3.8%	4.5%	4.7%
<b>Total Operating Expenses <sup>b</sup></b>	<u>99.5%</u>	<u>99.6%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.5%	0.4%	0.5%	0.6%	0.8%	0.8%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Expenses</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Note:

<sup>a</sup> Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-2007 are available.

Certain classifications of expenses for fiscal years 2002-03 were changed to conform to subsequent reporting years for consistency.

<sup>b</sup> There was a change in allocation estimates for the 2007 fiscal year from telephone usage to square footage.

Source: Midlands Technical College Audited Financial Statements



## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF EXPENSES BY USE  
Fiscal Years 2002 to 2007

	For the Year Ended June 30,					
	2007	2006	2005	2004	2003	2002
<b>Expenses:</b>						
Salaries	\$ 38,946,598	\$ 37,437,269	\$ 35,475,529	\$ 32,879,920	\$ 31,727,924	\$ 30,586,060
Benefits	9,761,904	8,762,729	8,346,803	8,270,566	7,830,747	7,106,237
Scholarships	7,664,137	7,567,105	8,266,923	7,605,148	2,509,298	341,915
Utilities	1,507,205	1,478,465	1,322,563	1,310,794	1,178,237	1,004,628
Supplies and Other Services	19,936,260	19,453,620	19,376,080	17,873,943	15,492,500	13,330,979
Depreciation	2,942,705	3,195,626	3,114,946	2,731,849	2,801,639	2,625,318
<b>Total Operating Expenses</b>	<u>80,758,809</u>	<u>77,894,814</u>	<u>75,902,844</u>	<u>70,672,220</u>	<u>61,540,345</u>	<u>54,995,137</u>
Interest on capital asset-related debt	358,435	316,707	387,754	407,341	493,206	447,526
Loss on disposal of capital assets	9,021	11,098	—	11,453	—	—
<b>Total Expenses</b>	<u>\$ 81,126,265</u>	<u>\$ 78,222,619</u>	<u>\$ 76,290,598</u>	<u>\$ 71,091,014</u>	<u>\$ 62,033,551</u>	<u>\$ 55,442,663</u>

	For the Year Ended June 30,					
	(percentage of total)					
	2007	2006	2005	2004	2003	2002
<b>Expenses:</b>						
Salaries	48.0%	47.8%	46.6%	46.4%	51.2%	55.3%
Benefits	12.0%	11.2%	10.9%	11.6%	12.6%	12.8%
Scholarships	9.4%	9.7%	10.8%	10.7%	4.0%	0.6%
Utilities	1.9%	1.9%	1.7%	1.8%	1.9%	1.8%
Supplies and Other Services	24.6%	24.9%	25.4%	25.1%	25.0%	24.0%
Depreciation	3.6%	4.1%	4.1%	3.8%	4.5%	4.7%
<b>Total Operating Expenses</b>	<u>99.5%</u>	<u>99.6%</u>	<u>99.5%</u>	<u>99.4%</u>	<u>99.2%</u>	<u>99.2%</u>
Interest on capital asset-related debt	0.5%	0.4%	0.5%	0.6%	0.8%	0.8%
Loss on disposal of capital assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Expenses</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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## REVENUE CAPACITY

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## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF REVENUES BY SOURCE  
Fiscal Years 2002 - 2007

	For the Year Ended June 30,					
	2007	2006	2005	2004	2003	2002
<b>Revenues</b>						
Student tuition and fees (net of scholarship allowances)	\$ 23,468,385	\$ 21,991,171	\$ 22,071,267	\$ 21,447,627	\$ 11,878,505	\$ 10,666,408
Federal grants and contracts	13,584,530	13,125,843	14,198,013	13,244,727	12,559,529	11,091,433
State grants and contracts	10,079,966	9,263,216	7,708,835	6,916,114	6,537,431	1,190,540
Nongovernmental grants and contracts	195,870	265,726	996,733	219,232	55,238	45,165
Sales and services	59,011	65,595	66,857	55,172	61,154	66,350
Auxiliary enterprises (net of book allowances)	6,181,968	5,842,028	5,909,485	5,586,006	3,591,881	3,313,459
Other operating revenues	742,382	707,089	562,669	598,040	639,050	433,355
<b>Total Operating Revenues</b>	<u>54,312,112</u>	<u>51,260,668</u>	<u>51,513,859</u>	<u>48,066,918</u>	<u>35,322,788</u>	<u>26,806,710</u>
State appropriations	19,759,248	19,059,973	19,014,685	18,323,689	21,767,831	23,757,529
Local appropriations	7,198,337	7,628,088	5,915,254	5,758,676	5,484,775	6,418,590
Investment income	1,832,051	1,189,573	664,880	256,266	297,464	368,970
Federal grants and contracts	20,484	22,816	25,887	26,025	30,184	138,914
State grants and contracts	—	17,978	194,714	155,042	92,358	29,358
State capital appropriations	—	181,858	—	—	90,574	510,651
Local capital appropriations	1,762,000	1,727,000	1,693,000	1,661,000	2,886,859	800,000
Capital asset contributions	27,168	—	652,380	—	—	—
Proceeds from state capital improvement bonds	—	—	—	—	1,758,688	—
Proceeds from state institution bonds	—	—	—	—	33,405	6,658,896
Gains on disposal of capital assets	—	—	384,212	—	115,767	—
Research University						
Infrastructure Bonds	339,970	—	—	—	—	—
Other	107,250	—	—	—	—	—
<b>Total Nonoperating Revenues</b>	<u>31,046,508</u>	<u>29,827,286</u>	<u>28,545,012</u>	<u>26,180,698</u>	<u>32,557,905</u>	<u>38,682,908</u>
<b>Total Revenues</b>	<u>\$ 85,358,620</u>	<u>\$ 81,087,954</u>	<u>\$ 80,058,871</u>	<u>\$ 74,247,616</u>	<u>\$ 67,880,693</u>	<u>\$ 65,489,618</u>

Note: Due to reporting format and definition changes prescribed by GASB Statement 34, only fiscal years 2002-07 are available.  
 Certain classifications of revenues for fiscal years 2002-03 were changed to conform to subsequent reporting years for consistency.  
 Source: Midlands Technical College Audited Financial Statements.

## MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF REVENUES BY SOURCE

Fiscal Years 2002 - 2007

(continued)

	For the Year Ended June 30,					
	(percentage of total)					
	2007	2006	2005	2004	2003	2002
<b>Revenues</b>						
Student tuition and fees (net of scholarship allowances)	27.5%	27.1%	27.6%	28.9%	17.5%	16.3%
Federal grants and contracts	15.9%	16.2%	17.7%	17.8%	18.5%	16.9%
State grants and contracts	11.8%	11.4%	9.6%	9.3%	9.6%	1.8%
Nongovernmental grants and contracts	0.2%	0.3%	1.3%	0.3%	0.1%	0.1%
Sales and services	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Auxiliary enterprises (net of book allowances)	7.2%	7.2%	7.4%	7.5%	5.2%	5.1%
Other operating revenues	0.9%	0.9%	0.7%	0.8%	0.9%	0.7%
<b>Total Operating Revenues</b>	<b>63.6%</b>	<b>63.2%</b>	<b>64.4%</b>	<b>64.7%</b>	<b>51.9%</b>	<b>41.0%</b>
State appropriations	23.1%	23.6%	23.8%	24.7%	32.2%	36.1%
Local appropriations	8.4%	9.4%	7.4%	7.8%	8.1%	9.9%
Investment income	2.1%	1.5%	0.8%	0.4%	0.4%	0.6%
Federal grants and contracts	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
State grants and contracts	0.0%	0.0%	0.2%	0.2%	0.1%	0.0%
State capital appropriations	0.7%	0.2%	—	—	0.1%	0.8%
Local capital appropriations	2.1%	2.1%	2.1%	2.2%	4.3%	1.2%
Capital contributions	—	—	0.8%	—	—	—
Proceeds from state capital improvement bonds	—	—	—	—	2.6%	—
Proceeds from state institution bonds	—	—	—	—	0.1%	10.2%
Gains on disposal of capital assets	—	—	0.5%	—	0.2%	—
<b>Total Nonoperating Revenues</b>	<b>36.4%</b>	<b>36.8%</b>	<b>35.6%</b>	<b>35.3%</b>	<b>48.1%</b>	<b>59.0%</b>
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**ANNUAL TUITION AND FEES**  
**SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – IN STATE**  
**Last Ten Academic Years**

		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>Technical Colleges</b>											
<b>In-County</b>											
Aiken	a	\$ 3,190	\$ 3,036	\$ 2,836	\$ 2,600	\$ 2,192	\$ 1,800	\$ 1,300	\$ 1,110	\$ 1,010	
Central Carolina	a	\$ 2,900	\$ 2,700	\$ 2,500	\$ 2,500	\$ 2,092	\$ 1,700	\$ 1,200	\$ 1,038	\$ 944	
Denmark	a	\$ 2,278	\$ 2,378	\$ 2,278	\$ 2,248	\$ 2,152	\$ 1,700	\$ 1,080	\$ 1,080	\$ 1,080	
Florence-Darlington	a	\$ 3,074	\$ 3,026	\$ 2,986	\$ 2,976	\$ 2,112	\$ 1,720	\$ 1,500	\$ 1,320	\$ 1,320	
Greenville	a	\$ 3,190	\$ 3,000	\$ 2,900	\$ 2,600	\$ 2,142	\$ 1,750	\$ 1,500	\$ 1,300	\$ 1,100	
Horry-Georgetown	a	\$ 2,944	\$ 2,800	\$ 2,680	\$ 2,394	\$ 2,136	\$ 1,744	\$ 1,363	\$ 1,235	\$ 1,115	
Midlands	a	\$ 3,100	\$ 3,004	\$ 2,908	\$ 2,836	\$ 2,192	\$ 1,800	\$ 1,396	\$ 1,300	\$ 1,202	
Northeastern TC	a	\$ 2,646	\$ 2,526	\$ 2,346	\$ 2,346	\$ 2,092	\$ 1,705	\$ 1,225	\$ 1,100	\$ 1,000	
Orangeburg-Calhoun	a	\$ 2,832	\$ 2,640	\$ 2,640	\$ 2,496	\$ 1,992	\$ 1,700	\$ 1,296	\$ 1,104	\$ 1,008	
Piedmont	a	\$ 2,956	\$ 2,860	\$ 2,740	\$ 2,596	\$ 2,350	\$ 1,760	\$ 1,300	\$ 1,224	\$ 1,120	
Spartanburg	a	\$ 3,094	\$ 2,902	\$ 2,806	\$ 2,660	\$ 2,132	\$ 1,740	\$ 1,400	\$ 1,300	\$ 1,200	
TC of the Lowcountry	a	\$ 3,050	\$ 3,050	\$ 2,900	\$ 2,600	\$ 2,142	\$ 1,700	\$ 1,250	\$ 1,150	\$ 1,000	
Tri County	a	\$ 2,856	\$ 2,738	\$ 2,546	\$ 2,450	\$ 2,022	\$ 1,800	\$ 1,200	\$ 1,100	\$ 1,100	
Trident	a	\$ 3,114	\$ 2,950	\$ 2,688	\$ 2,446	\$ 2,092	\$ 1,700	\$ 1,300	\$ 1,140	\$ 1,100	
Williamsburg	a	\$ 2,830	\$ 2,692	\$ 2,692	\$ 2,112	\$ 2,112	\$ 1,700	\$ 1,100	\$ 840	\$ 840	
York	a	\$ 3,124	\$ 3,036	\$ 2,886	\$ 2,736	\$ 2,108	\$ 1,712	\$ 1,236	\$ 1,140	\$ 1,008	
<b>Two-Year Regional Campuses of USC</b>											
<b>In-State</b>											
USC-Lancaster	a	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	\$ 2,040	
USC-Salkehatchie	a	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	\$ 2,040	
USC-Sumter	a	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	\$ 2,040	
USC-Union	a	\$ 4,652	\$ 4,324	\$ 4,058	\$ 3,656	\$ 3,080	\$ 2,410	\$ 2,200	\$ 2,100	\$ 2,040	

Source: South Carolina Commission on Higher Education

a Data not available

**Schedule 6 (continued)**

**ANNUAL TUITION AND FEES  
SOUTH CAROLINA PUBLIC TWO-YEAR INSTITUTIONS – OUT OF STATE  
Last Ten Academic Years  
(continued)**

		<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>Technical Colleges</b>											
<b>Out of State</b>											
Aiken	a	\$ 8,906	\$ 8,518	\$ 7,942	\$ 7,300	\$ 4,124	\$ 5,060	\$ 3,740	\$ 3,270	\$ 3,325	
Central Carolina	a	\$ 5,156	\$ 4,800	\$ 5,118	\$ 5,188	\$ 4,604	\$ 3,844	\$ 3,344	\$ 2,892	\$ 2,892	
Denmark	a	\$ 4,366	\$ 4,466	\$ 4,466	\$ 4,036	\$ 4,144	\$ 3,400	\$ 2,160	\$ 2,160	\$ 2,160	
Florence-Darlington	a	\$ 5,286	\$ 5,122	\$ 5,082	\$ 5,072	\$ 4,208	\$ 3,720	\$ 3,500	\$ 3,070	\$ 1,535	
Greenville	a	\$ 6,490	\$ 6,110	\$ 5,900	\$ 5,550	\$ 4,542	\$ 3,800	\$ 3,500	\$ 3,250	\$ 3,100	
Horry-Georgetown	a	\$ 4,408	\$ 4,408	\$ 4,288	\$ 4,248	\$ 4,248	\$ 3,788	\$ 2,655	\$ 2,897	\$ 2,843	
Midlands	a	\$ 9,100	\$ 8,812	\$ 8,524	\$ 8,308	\$ 6,436	\$ 5,200	\$ 3,988	\$ 3,700	\$ 3,506	
Northeastern TC	a	\$ 5,118	\$ 4,110	\$ 3,936	\$ 3,936	\$ 3,700	\$ 3,365	\$ 3,386	\$ 3,300	\$ 3,144	
Orangeburg-Calhoun	a	\$ 4,464	\$ 4,464	\$ 4,464	\$ 4,464	\$ 3,940	\$ 3,624	\$ 3,408	\$ 3,336	\$ 3,336	
Piedmont	a	\$ 4,564	\$ 4,468	\$ 4,372	\$ 4,252	\$ 3,748	\$ 3,210	\$ 2,200	\$ 1,962	\$ 1,962	
Spartanburg	a	\$ 5,988	\$ 5,490	\$ 5,370	\$ 5,200	\$ 4,332	\$ 3,940	\$ 3,600	\$ 3,240	\$ 3,240	
TC of the Lowcountry	a	\$ 5,932	\$ 5,932	\$ 3,860	\$ 3,860	\$ 3,860	\$ 3,710	\$ 3,710	\$ 3,710	\$ 1,500	
Tri County	a	\$ 6,348	\$ 6,084	\$ 5,916	\$ 5,820	\$ 5,510	\$ 5,480	\$ 3,864	\$ 3,512	\$ 3,512	
Trident	a	\$ 5,898	\$ 5,586	\$ 5,274	\$ 4,976	\$ 4,492	\$ 2,880	\$ 3,672	\$ 3,310	\$ 3,310	
Williamsburg	a	\$ 5,292	\$ 4,990	\$ 4,990	\$ 4,968	\$ 3,912	\$ 2,880	\$ 2,480	\$ 2,640	\$ 3,630	
York	a	\$ 7,000	\$ 6,664	\$ 6,336	\$ 6,016	\$ 5,204	\$ 5,100	\$ 5,016	\$ 3,072	\$ 3,094	
<b>Two-Year Regional Campuses of USC</b>											
<b>Out of State</b>											
USC-Lancaster	a	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198	\$ 4,950	
USC-Salkehatchie	a	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198	\$ 4,950	
USC-Sumter	a	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198	\$ 4,950	
USC-Union	a	\$ 11,228	\$ 10,384	\$ 9,720	\$ 8,754	\$ 7,328	\$ 5,730	\$ 5,452	\$ 5,198	\$ 4,950	

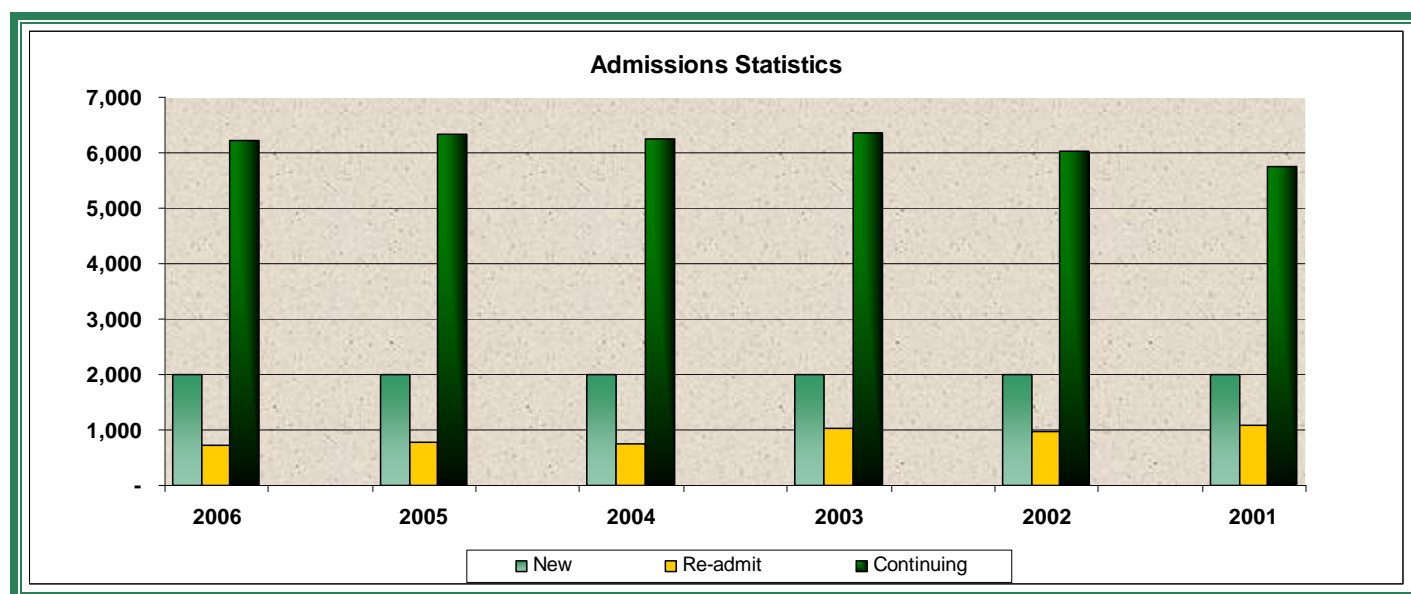
Source: South Carolina Commission on Higher Education

a Data not available

# MIDLANDS TECHNICAL COLLEGE

## ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS Last Ten Academic Years

	Academic Year Beginning in Fall									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Degree Seeking Students</b>										
<b>Admissions – Freshman</b>										
New	3,281	3,126	3,154	2,885	2,624	2,397	a	a	a	a
Re-admit	721	773	752	1,038	959	1,077	a	a	a	a
Continuing	6,221	6,344	6,238	6,358	6,014	5,758	a	a	a	a
Total	<u>10,223</u>	<u>10,243</u>	<u>10,144</u>	<u>10,281</u>	<u>9,597</u>	<u>9,232</u>	a	a	a	a



*Notes:*

*Midlands Technical College has an open enrollment policy.*

*All figures are unduplicated unless otherwise stated.*

*a Admissions data for 1997-2000 is not available due to system conversion.*



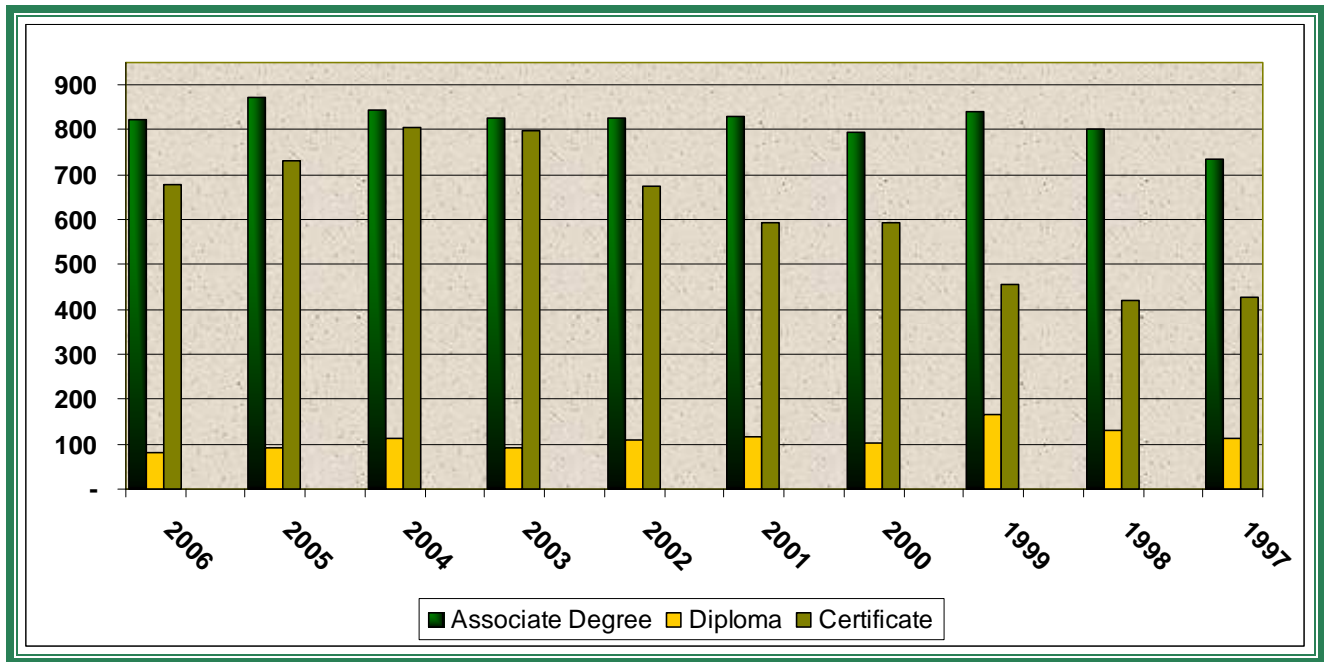
# MIDLANDS TECHNICAL COLLEGE

## ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

### Last Ten Academic Years

(continued)

	Academic Year Beginning in Fall									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Enrollment (Credit Programs Only)</b>										
Undergraduate FTE	7,822	7,770	7,807	7,710	7,544	7,165	6,832	6,837	6,953	6,652
Undergraduate headcount	15,426	15,551	15,460	15,317	15,002	14,578	13,998	14,145	14,434	13,800
Percentage of men	37%	37%	37%	38%	39%	40%	41%	41%	41%	40%
Percentage of women	63%	63%	63%	62%	61%	60%	59%	59%	59%	60%
Percentage of African-American	37%	37%	37%	37%	36%	34%	32%	33%	33%	33%
Percentage of Hispanic	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Percentage of white	55%	55%	54%	55%	53%	53%	53%	58%	59%	59%
Percentage of other	6%	6%	7%	7%	9%	11%	13%	7%	7%	7%
<b>(Based on IPEDS terms beginning Summer, Fall, Spring)</b>										
Degrees Granted										
Associate Degree	824	872	844	828	827	831	796	841	800	735
Diploma	80	93	113	93	110	115	101	166	131	112
Certificate	679	732	805	799	675	594	594	456	421	426
Total Awarded	1,583	1,697	1,762	1,720	1,612	1,540	1,491	1,463	1,352	1,273



### Notes:

Midlands Technical College has an open enrollment policy.

All figures are unduplicated unless otherwise stated.

Schedule 8

**MIDLANDS TECHNICAL COLLEGE**

**CREDIT STUDENT ENROLLMENT PERCENTAGES BY COUNTY**  
**Last Ten Fall Terms**

**Historic County of Residence**

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>	<u><b>2001</b></u>	<u><b>2000</b></u>	<u><b>1999</b></u>	<u><b>1998</b></u>	<u><b>1997</b></u>
Richland	48%	48%	47%	47%	47%	46%	49%	50%	50%	51%
Lexington	35%	35%	35%	35%	35%	34%	33%	33%	34%	34%
Fairfield	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Other	<u>15%</u>	<u>15%</u>	<u>16%</u>	<u>16%</u>	<u>16%</u>	<u>18%</u>	<u>16%</u>	<u>15%</u>	<u>14%</u>	<u>13%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**Historic Campus of Attendance\***

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>	<u><b>2001</b></u>	<u><b>2000</b></u>	<u><b>1999</b></u>	<u><b>1998</b></u>	<u><b>1997</b></u>
Airport	51%	52%	52%	50%	50%	48%	48%	48%	48%	50%
Beltline	39%	39%	40%	42%	43%	47%	48%	48%	47%	47%
Other	<u>10%</u>	<u>9%</u>	<u>8%</u>	<u>8%</u>	<u>7%</u>	<u>5%</u>	<u>4%</u>	<u>4%</u>	<u>5%</u>	<u>3%</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

**Historic Average Age**

	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>	<u><b>2001</b></u>	<u><b>2000</b></u>	<u><b>1999</b></u>	<u><b>1998</b></u>	<u><b>1997</b></u>
Average Age	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>	<u>27</u>	<u>27</u>

\* NOTE: Does not include Harbison Campus, which offers continuing education courses only.

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## DEBT CAPACITY

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## MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

Last Ten Fiscal Years

(dollars in thousands, except for per student)

	For the Year Ended June 30,				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General obligation bonds	\$ 17,910	\$ 8,330	\$ 8,725	\$ 9,105	\$ 9,460
<b>Total outstanding debt</b>	<u>\$ 17,910</u>	<u>\$ 8,330</u>	<u>\$ 8,725</u>	<u>\$ 9,105</u>	<u>\$ 9,460</u>
Full-time equivalent students					
Credit	7,822	7,741	7,539	7,786	6,957
Continuing Education	<u>628</u>	<u>626</u>	<u>658</u>	<u>679</u>	<u>712</u>
<b>Total enrollment</b>	<u>8,430</u>	<u>8,367</u>	<u>8,197</u>	<u>8,465</u>	<u>7,669</u>
<b>Outstanding debt per FTE</b>	\$ 2,125	\$ 996	\$ 1,064	\$ 1,076	\$ 1,234

*Note: Other debt on the Statement of Net Assets includes Notes Payable which is not material to this presentation.  
Continuing Education contact hours converted to full-time equivalent enrollment.*

*Source: Midlands Technical College Comprehensive Annual Financial Reports  
Formula Computation Allocation Worksheet provided by the System Office for years presented.*

## MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

## Last Ten Fiscal Years

*(dollars in thousands, except for per student)*

(continued)

	For the Year Ended June 30,				
	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General obligation bonds	\$ 7,985	\$ 8,360	\$ 8,720	\$ 9,050	\$ 9,350
<b>Total outstanding debt</b>	<u>\$ 7,985</u>	<u>\$ 8,360</u>	<u>\$ 8,720</u>	<u>\$ 9,050</u>	<u>\$ 9,350</u>
Full-time equivalent students					
Credit	6,388	6,118	6,844	6,953	6,652
Continuing Education	<u>744</u>	<u>772</u>	<u>837</u>	<u>826</u>	<u>815</u>
<b>Total enrollment</b>	<u>7,132</u>	<u>6,890</u>	<u>7,681</u>	<u>7,779</u>	<u>7,467</u>
<b>Outstanding debt per FTE</b>	\$ 1,120	\$ 1,213	\$ 1,135	\$ 1,163	\$ 1,252

## MIDLANDS TECHNICAL COLLEGE

SCHEDULE OF BOND COVERAGE  
Last Ten Fiscal Years

## General Obligation Bonds

<u>Fiscal Year Ended June 30,</u>	<u>Budgeted Capital Fees</u>	<u>Debt Service Requirement</u>				<u>Coverage Ratio</u>
		<u>Total Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2007	\$ 1,800,000	\$ 1,800,000	\$ 420,000	\$ 355,818	\$ 775,818	2.32
2006	1,800,000	1,800,000	395,000	370,968	765,968	2.35
2005	1,493,820	1,493,820	380,000	385,393	765,393	1.95
2004	1,132,000	1,132,000	355,000	402,703	757,703	1.49
2003	1,132,000	1,132,000	215,000	5,590	220,590	5.13
2002	1,132,000	1,132,000	375,000	440,211	815,211	1.39
2001	1,281,033	1,281,033	360,000	460,688	820,688	1.56
2000	1,738,500	1,738,500	330,000	479,737	809,737	2.15
1999	1,236,968	1,236,968	300,000	498,063	798,063	1.55
1998	1,781,990	1,781,990	165,000	254,088	419,088	4.25

Source: Midlands Technical College Finance Office



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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

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# MIDLANDS TECHNICAL COLLEGE

## SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

	<u>Population in College's Service Area<sup>a</sup></u>			<u>Per Capita Personal Income</u>			<u>Unemployment Rate</u>			
	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland</u>	<u>Lexington</u>	<u>Fairfield</u>	<u>Richland<sup>d</sup></u>	<u>Lexington<sup>d</sup></u>	<u>Fairfield<sup>d</sup></u>	<u>South Carolina<sup>e</sup></u>
2006	348,226	240,160	23,810	\$ b	\$ b	\$ b	5.80%	4.70%	8.80%	6.50%
2005	340,078	235,272	24,047	31,518	31,575	23,926	5.90%	4.90%	7.80%	6.70%
2004	335,597	230,861	24,144	30,190	31,282	22,524	6.00%	4.90%	8.00%	6.90% <sup>f</sup>
2003	331,858	226,984	23,827	28,628	29,633	21,414	5.60%	4.50%	10.60%	6.80%
2002	327,830	222,723	23,884	28,166	29,034	21,024	4.80%	4.00%	8.60%	5.40%
2001	323,883	220,037	23,688	27,784	28,641	20,689	4.30%	3.70%	8.70%	5.40%
2000	321,403	216,891	23,547	27,110	28,901	20,045	3.10%	2.60%	4.80%	3.90%
1999	307,279	208,972	22,573	25,577	27,286	19,379	2.50%	1.80%	5.10%	4.50%
1998	304,891	205,044	22,415	25,477	24,973	18,307	2.10%	1.70%	7.80%	4.50%
1997	301,629	200,468	22,338	23,664	23,602	17,403	3.00%	2.20%	7.60%	4.50%

### Sources:

- <sup>a</sup> Office of Research and Statistics, South Carolina State Budget and Control Board Annual Population Estimates for Counties of South Carolina
- <sup>b</sup> Data not available
- <sup>c</sup> Bureau of Economic Analysis
- <sup>d</sup> US Department of Labor Bureau of Labor Statistics County Data
- <sup>e</sup> US Census Bureau Statistical Abstract of the United States
- <sup>f</sup> Labor Market Info Online – Labor Force not seasonally adjusted data

Note: Data not available for 2007.

## MIDLANDS TECHNICAL COLLEGE

## PRINCIPAL EMPLOYERS BY COUNTY

June 30, 2007

County		
Richland	Lexington	Fairfield
City of Columbia	Columbia Farms, Inc.	Ben Arnold-Sunbelt Beverage
Department of Defense	Lexington County	Fairfield County
Kilgore Group, Inc.	Lexington County Health Services	Fairfield Memorial Hospital
Palmetto GBA, LLC	Lexington County School District 1	Fairfield Middle School
Palmetto Health Alliance, Inc.	Lexington County School District 2	Lang Mekra North America, LLC
Richland County School District 1	Lexington County School District 5	Perry Ellis Menswear, LLC
Richland County School District 2	Michelin Tire Corporation	Plastech Exterior Systems, Inc.
South Carolina Department of Corrections	U.S. Food Service	South Carolina Electric & Gas
South Carolina Department of Mental Health	United Parcel Service	Southern Medical of Ridgeway, Inc.
University of South Carolina	Wal-Mart Associates, Inc.	Wal-Mart Associates, Inc.

*Note: Due to confidentiality issues, the number of employees for each company is not available. The employers are listed alphabetically and not in order of size. There were no changes from the prior year. Data from nine years prior is unavailable.*

*Source: South Carolina Employment Security Commission*

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## **OPERATING INFORMATION**

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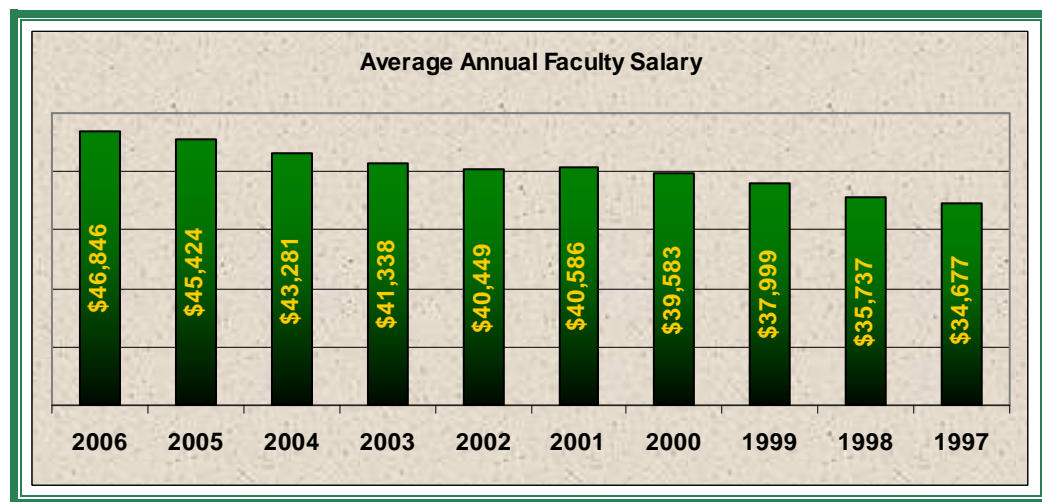
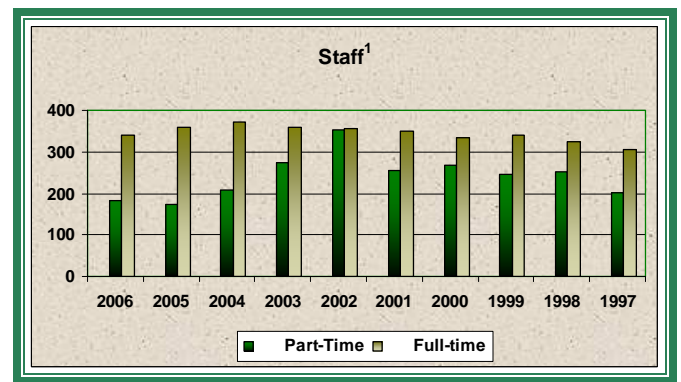
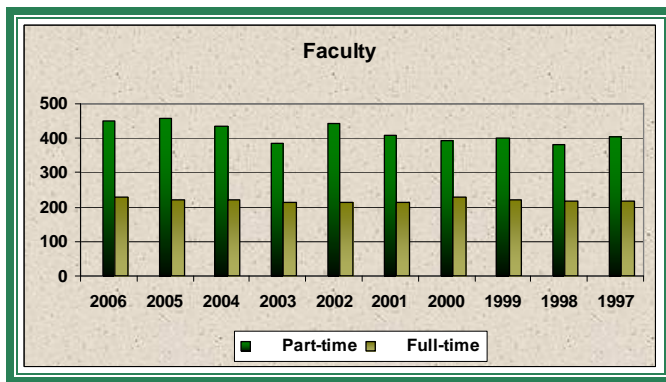


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# MIDLANDS TECHNICAL COLLEGE

## FACULTY AND STAFF STATISTICS Last Ten Fiscal Years

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Faculty										
Part-time	450	458	435	387	444	408	394	400	383	403
Full-time	230	223	221	212	214	213	228	223	218	219
Staff <sup>1</sup>										
Part-time	183	173	208	275	352	256	268	246	251	201
Full-time	340	358	372	360	355	350	333	340	323	304
Total Employees	1203	1212	1236	1234	1365	1227	1223	1209	1175	1127
Part-time	633	631	643	662	796	664	662	646	634	604
Full-time	570	581	593	572	569	563	561	563	541	523
Average Annual Faculty Salary	\$ 46,846	\$ 45,424	\$ 43,281	\$ 41,338	\$ 40,449	\$ 40,586	\$ 39,583	\$ 37,999	\$ 35,737	\$ 34,677



Source: Integrated Postsecondary Education Data System (IPEDS) data for years indicated

Notes: <sup>1</sup>Includes administrators

Data not available for 2007.



**Schedule 14**

**MIDLANDS TECHNICAL COLLEGE**

**SCHEDULE OF CAPITAL ASSET INFORMATION BY FUNCTION  
Last Five Fiscal Years**

	<u>2006<sup>2</sup></u>	<u>2005</u>	<u>2004</u>	<u>2003<sup>1</sup></u>	<u>2002</u>
Instruction					
Assignable Square Feet	331,243	331,243	331,879	331,879	331,879
Percent Use	55.60%	55.60%	55.70%	55.60%	55.60%
Public Service					
Assignable Square Feet	575	575	575	575	575
Percent Use	0.100%	0.100%	0.100%	0.100%	0.100%
Academic Support					
Assignable Square Feet	28,209	28,209	28,209	28,209	28,209
Percent Use	4.73%	4.73%	4.73%	4.73%	4.73%
Student Services					
Assignable Square Feet	41,159	41,159	41,159	41,159	41,159
Percent Use	6.90%	6.90%	6.90%	6.90%	6.90%
Institutional Support					
Assignable Square Feet	47,507	47,507	47,507	47,507	47,507
Percent Use	7.97%	7.97%	7.97%	7.97%	7.97%
Plant Operations and Maintenance					
Assignable Square Feet	112,839	112,839	112,405	112,405	112,405
Percent Use	18.92%	18.92%	18.85%	18.85%	18.85%
Auxiliary Enterprises					
Assignable Square Feet	34,712	34,712	34,712	34,712	34,712
Percent Use	5.82%	5.82%	5.82%	5.82%	5.82%
Parking Facilities					
Parking Spaces Available	4,271	4,271	4,271	4,271	4,271
Number of Employees	1,203	1,212	1,236	1,234	1,365
Number of students <sup>3</sup>	3,068	3,059	3,035	3,037	2,906

<sup>1</sup> Northeast Campus made available for use

<sup>2</sup> Latest available data – excludes parking garage

<sup>3</sup> Students park in spaces not designated

Source: South Carolina Commission on Higher Education

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## OTHER INFORMATION

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# College Accreditation as of June 30, 2007

Midlands Technical College is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (1866 Southern Lane, Decatur, Georgia 30033-4097; telephone number 404-679-4501) to award associate degrees, diplomas and certificates.

## Program Approval and Accreditations

The Legal Assistant/Paralegal and Court Reporting programs are approved respectively by:

- American Bar Association
- National Court Reporters Association

Specific programs are accredited by:

- American Society of Health-System Pharmacists
- Association of Collegiate Business Schools and Programs
- Commission on Dental Accreditation of the American Dental Association
- Commission on Accreditation in Physical Therapy Education
- Council on Accreditation of Allied Health Education Programs
  - Council on Education of the American Health Information Management Association
  - Committee on Accreditation for Respiratory Care
  - Accreditation Review Committee on Education in Surgical Technology
  - American Association of Medical Assistants
- Joint Review Committee on Educational Programs in Nuclear Medicine Technology
- Joint Review Committee on Education in Radiologic Technology
- National Accrediting Agency for Clinical Laboratory Sciences
- National Association for the Education of Young Children (NAEYC)
- National Automotive Technicians Education Foundation
- National Council for Standards in Human Services Education
- National Institute for Metalworking Skills (NIMS)
- National League for Nursing Accrediting Commission
- Printing Industries of America
- South Carolina Board of Nursing
- Technology Accreditation Commission of the Accreditation Board for Engineering and Technology; Architectural, Civil and Electronics Engineering Technology (ABET)

## Statement of Nondiscrimination

Midlands Technical College does not discriminate in admissions or employment on the basis of race, sex, national origin or ethnic group, color, age, religion, disability or military service in its administration of educational policies, programs and services; its admissions policies; scholarship and loan programs; or employment. In compliance with Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1992, Midlands Technical College offers access and equal opportunity in its admissions policies, academic programs and services, and employment of disabled individuals in that no otherwise qualified person will be denied these provisions on the basis of a disability. Dr. Ronald L. Rhames has been designated to coordinate compliance with the nondiscrimination requirements contained in section 35.107 of the Department of Justice regulations, section 504 and Title IX regulation. Information concerning the provisions of the Americans with Disabilities Act and the rights and privileges thereunder are available from Dr. Rhames in his position as ADA/EEOC coordinator. He can be reached at: Midlands Technical College, P.O. Box 2408, Columbia, SC 29202, (803) 822-3261.

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